Petition

81-1535

No.

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In The

Supreme Court of the United States

October Term, 1981

FACTORS ETC., INC. and BOXCAR ENTERPRISES, INC.,

Petitioners,

vs.

PRO ARTS, INC., and STOP AND SHOP COMPANIES, INC.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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QUESTION PRESENTED

Whether a circuit court of appeals applying state law in a diversity case must, in the absence of any statement of that law from authoritative state sources, give "conclusive deference" and "*stare decisis*" effect to a sister circuit's "prediction" of state law for a state located within the sister circuit's territorial jurisdiction, where it disagrees with the sister circuit's decision on the merits, where it would itself make a contrary "prediction" and where the sister circuit's "prediction" was not made in accordance with the principles of *Erie R. Co. v. Tompkins*, 304 U.S. 64 (1938)?

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Petitioners,

vs.

PRO ARTS, INC., and STOP AND SHOP COMPANIES, INC.,

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioners Factors Etc., Inc. ("Factors") and Boxcar Enterprises, Inc. ("Boxcar") respectfully pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit entered in this proceeding on June 29, 1981. That judgment reversed the judgment of the United States District Court for the Southern District of New York, entered on July 29, 1980, granting summary judgment and a permanent injunction against distribution by respondents Pro Arts, Inc. ("Pro Arts") and Stop and Shop Companies, Inc. ("Stop and Shop") of commercial posters which appropriate petitioners' exclusive right to market the name and likeness of the late Elvis Presley.

OPINIONS BELOW

The opinion of the court of appeals is reported at 652 F.2d 278 (2d Cir. 1981), and appears in the appendix hereto ("App.") at 1a. The opinion of the district court is reported at 496 F. Supp. 1090 (S.D.N.Y. 1980) and appears at App. 29a.

JURISDICTION

The judgment of the court of appeals was entered on June 29, 1981 and appears at App. 114a. The order of the court of appeals denying petitioners' timely petition for rehearing with a suggestion of rehearing *in banc* was entered on October 13, 1981, and appears at App. 27a. On January 7, 1982, Justice Thurgood Marshall extended the time in which to file this petition from January 11, 1982 to February 11, 1982, the date upon which this petition is being filed. This Court's jurisdiction is invoked under 28 U.S.C. §1254(1).

STATEMENT OF THE CASE

On August 18, 1977, petitioner Factors purchased from petitioner Boxcar the exclusive right to market the name, picture, image, likeness, and personality of Elvis Presley, who had died in Memphis, Tennessee, two days earlier.[1] Early in his legendary career as a singer, performer, entertainer, and actor, Mr. Presley had granted this exclusive right to his manager, Colonel Tom Parker, and in 1974 Presley and Parker had transferred all of these "commercial Elvis Presley rights" [*Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215, 217 (2d Cir. 1978), *cert. denied*, 440 U.S. 908 (1979) ("*Factors I*"), App. 61a] to Boxcar in exchange

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1. All facts herein are undisputed and are set forth in the four opinions below. Specific citations in this statement of the case are provided only for quoted portions of those opinions.

for royalties to Mr. Presley and his heirs, among others. Upon purchasing the late Mr. Presley's right of publicity from Boxcar for $150,000, Factors began marketing, through licensing arrangements, Elvis Presley novelty items, including pewter statuettes in three castings approved by Parker and by Mr. Presley's father, Vernon.

Shortly after Mr. Presley's death, respondent Pro Arts commenced the manufacture and sale of a poster entitled "IN MEMORY" that bore a photograph of Mr. Presley and the dates "1935-1977." *Factors I* at 217, App. at 63a. The posters were sold in the Southern District of New York by respondent Stop and Shop. On September 26, 1977, petitioners commenced this federal diversity action under 28 U.S.C. §1332 seeking declaratory and injunctive relief and damages for respondents' misappropriation and unauthorized commercial use of Mr. Presley's name and likeness.[2] On October 12, 1977, the District Court for the Southern District of New York preliminarily enjoined respondents from manufacturing, selling, or distributing their "IN MEMORY" poster and from making any use of Mr. Presley's name or likeness, concluding that Mr. Presley had a "right of publicity" and that such right survived his death. *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F. Supp. 288 (S.D.N.Y. 1977); *see, Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977) (companion action).

Respondents appealed to the Second Circuit and conceded at that time that New York law governed. *See Factors Etc., Inc. v. Pro Arts, Inc.*, 652 F.2d 278, 286 (2d Cir. 1981) ("*Factors II*") (Mansfield, J., dissenting), App. at 19a. On June 27, 1978, the Second Circuit unanimously affirmed the district court's entry

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2. This Court previously considered a state-created "right of publicity" in *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977).

of the preliminary injunction. *Factors I,* App. at 61a. It held that the critical legal issue of whether the death of Elvis Presley operated to extinguish his "right of publicity" was "one of state law, more specifically the law of the State of New York" and concluded that New York recognized such a right. *Factors I* at 220, App. at 69a. It remanded the case to the district court for further proceedings.

Respondents thereafter unsuccessfully sought a writ of certiorari from this Court. 440 U.S. 908 (1979).

Petitioners thereafter moved in the district court for summary judgment and a permanent injunction. After the parties had submitted their briefs, but before oral argument, the Sixth Circuit rendered a decision in an analogous action entitled *Memphis Development Foundation v. Factors Etc., Inc.,* 616 F.2d 956 (6th Cir.), *cert. denied,* 449 U.S. 953 (1980), ("*Memphis Development*"), App. at 89a. In that case, which was also a diversity action, the Sixth Circuit determined that under the law of Tennessee, Mr. Presley's right of publicity did not survive his death.[3] In determining this issue, however, the Sixth Circuit conceded that "Tennessee courts have not addressed the issue directly or indirectly, and [that it had] no way to assess their predisposition." *Memphis Development* at 958, App. at 93a. Notwithstanding this, the Sixth Circuit propounded what Judge Mansfield later termed in *Factors II* a "preferable general common law rule for that state" [*Factors II* at 284 (Mansfield, J., dissenting), App. at 14a], basing its decision exclusively upon John

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3. *Memphis Development* was an action which had been commenced against petitioner Factors by a non-profit foundation in the federal district court in Tennessee seeking a declaratory judgment that it was entitled to market a commemorative statue of Elvis Presley. Factors asserted compulsory counterclaims in that action seeking injunctive relief against such marketing and damages.

Rawls' *A Theory of Justice* (1971), the Restatement (Second) of Torts and what it characterized as:

> "practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral presuppositions concerning death, privacy, inheritability and economic opportunity." 616 F.2d at 958, App. at 93a.

The Sixth Circuit cited no case law in support of its determination, and relegated the Second Circuit's previous decision in *Factors I* to a footnote as one of "a few cases [which] have characterized the right of publicity as property which may be passed on to heirs or assigns." *Id.* It gave no deference to the conclusion by the Tennessee district court that Tennessee law would recognize a survivable "right of publicity"; nor did it address the Tennessee law the district judge had cited in support of his conclusion.[4]

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4. The *Memphis Development* district court in granting a preliminary injunction and thereafter summary judgment concluded that Tennessee courts were likely to follow the "well-reasoned" and "majority view", including the then recent decision of the Southern District of New York in the companion case herein of *Factors Etc., Co. v. Creative Card, Inc.*, 444 F. Supp. 279 (S.D.N.Y. 1977), that the right of publicity would be transferable or inheritable after death. *Memphis Development Foundation v. Factors Etc., Inc.*, 441 F.Supp. 1323, 1330 (W.D. Tenn. 1977), App. at 98a; *Memphis Development Foundation v. Factors Etc., Inc.*, No. C-77-2545 (W.D. Tenn.) (Reporter's transcript of the district court's oral opinion dated March 7, 1979). It also based its conclusion on an analogous Tennessee appellate court ruling and two decisions of the Tennessee Supreme Court which "protected intangible property rights in instances involving unauthorized use of a trade name and unlawful interference with commercial good will." 441 F. Supp. at 1329, 1329 n.9, App. at 110a, 110a n.9. The Sixth Circuit affirmed the preliminary injunction without opinion on June 29, 1978. The Sixth Circuit's reversal of summary judgment twenty months later was by a different panel and made no reference to the court's prior affirmance.

In March, 1980, prior to argument of petitioners' summary judgment motion in this action, respondents submitted a supplemental memorandum of law directing the attention of the district court to the Sixth Circuit's *Memphis Development* opinion and urged the district court to "follow" it. (JA107-113).[5] Nonetheless, respondents still did not contend that Tennessee law was controlling. Three months later, when the parties appeared for oral argument, respondents urged for the first time that *Memphis Development* be accorded collateral estoppel effect. (JA137, 139, 144). Even then, respondents did not ask the district court to apply Tennessee law here, and to the contrary argued that *Memphis Development* "didn't say anything about Tennessee law [and] didn't determine Tennessee law." (JA142). On July 29, 1980, the district court granted the petitioners' motion for summary judgment and a permanent injunction. 496 F. Supp. 1090, App. at 29a. While the district court did not address respondents' post-eleventh hour collateral estoppel argument, it nonetheless thoroughly reviewed that decision. Based on that review, it rejected respondents' request that it "reverse its initial view of the law, affirmed by the Second Circuit, and adopt the position espoused by the Sixth Circuit." 496 F. Supp. at 1094, App. at 35a.

Respondents again appealed to the Second Circuit. On this second appeal, respondents principally argued that the district court erred in failing to accord collateral estoppel effect to *Memphis Development* and contended for the first time in this litigation — more than three years after it had commenced — that this case was governed by Tennessee law. In a two-to-one decision, the Second Circuit reversed the judgment of the district court. *Factors II,* App. at 1a. The majority declined to reach the collateral estoppel issue, and Judge Mansfield in his dissent

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5. References are to the Joint Appendix filed in connection with the appeal in *Factors II.*

specifically discussed several reasons why he believed that collateral estoppel was not appropriate in this case. *Factors II* at 289 (Mansfield, J., dissenting), App. at 23a-25a. Instead, the Second Circuit concluded that Tennessee law applied in determining the survivability of Mr. Presley's "right of publicity" and disposed of the case on a ground neither briefed nor argued by the parties and which it characterized as an "esoteric question, apparently of first impression", *i.e.*, that in the absence of any readily apparent Tennessee law on this issue it was required to give "conclusive deference" and "*stare decisis*" effect to the views of the Sixth Circuit in *Memphis Development* as the circuit within whose territorial bounds the State of Tennessee was located. *Factors II* at 279, 283 n. 8, App. at 2a, 12a n. 8.

As Judge Mansfield pointed out in his dissent, the majority in *Factors II* reached this result notwithstanding the facts that (i) on its face *Memphis Development* was not an interpretation of Tennessee law, but rather, was merely an exposition of the Sixth Circuit's own views as to what would be a "preferable general common law rule" (*Factors II* at 284 (Mansfield, J., dissenting), App. at 14a); (ii) the result in *Memphis Development* was "inconsistent with that of nearly every other case which has considered the issue, including the Sixth Circuit's own prior ruling [affirming] the preliminary injunction issued by the district court in *Memphis Development* . . . [, the Second Circuit's] opinion in *Factors I* . . . [and] contrary to all current views of scholarly commentators on the subject" [*Factors II* at 284 (Mansfield, J., dissenting), App. at 13a]; (iii) Judge Mansfield, who served on both panels, stated unequivocally that the panel in *Factors I* "would certainly have" pronounced their decision to be "a declaration of our view of Tennessee law. . . if the parties had not at that time agreed that New York law governed. . ." [*Factors II* at 286 (Mansfield, J., dissenting), App. at 19a]; and (iv) both members of the majority in *Factors II* conceded that they "would probably uphold a descendible right of publicity were [they] sitting

on the Tennessee Supreme Court" and Judge Mansfield dissenting stated that he would "certainly do so" [*Factors II* at 286 (Mansfield, J., dissenting), App. at 18a].[6]

Petitioners thereafter filed a petition for rehearing with a suggestion for rehearing *in banc*. While plaintiff's petition for rehearing was pending before the Second Circuit — unbeknownst to the court or the parties — a Tennessee state court ruled that Tennessee does recognize the survivability of the right of publicity and explicitly rejected the Sixth Circuit's contrary "prediction" of Tennessee law in *Memphis Development. Commerce Union Bank and Lance LeRoy, Co-executors and Co-trustees of the Estate of Lester Flatt v. Coors of the Cumberland, Inc.*, No. 81-1252-III (Chancery Ct. Tenn. October 2, 1981) ("*Flatt*"), App. at 76a).[7] In *Flatt*, the Tennessee court concluded that such a result is proper, "not only because it is supported by judicial precedent and property interest and fundamental fairness considerations, but also because of public policy." Slip Op. at 12, App. at 85a-86a. The judicial precedents on which the Tennessee court relied were cases of the Tennessee Supreme Court involving the survivability of other rights and the vast majority of cases in other jurisdictions which have so held, including *Factors I* and the reasoning contained in Judge Mansfield's dissent in *Factors II*. Slip Op. at 8-13, App. at 81a-86a.

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6. Although not discussed by Judge Mansfield, the Sixth Circuit also did not determine Tennessee law as a Tennessee court would have done when faced with a case of first impression. *See*, discussion, *infra*.

7. This decision was rendered on October 2, 1981, eleven days before the Second Circuit denied petitioners' petition for rehearing with a suggestion of rehearing *in banc* on October 13, 1981, and is unofficially reported. As discussed *infra*, the Sixth Circuit has itself in the past relied upon unreported decisions of the Chancery Court of Tennessee to establish Tennessee law in a diversity case.

REASONS FOR GRANTING THE WRIT

1. In fulfilling their functions as diversity courts applying Tennessee law, the Sixth and Second Circuits were each simply "another court" of the State of Tennessee. *Bernhardt v. Polygraphic Co.*, 350 U.S. 198, 203 (1956); *Guaranty Trust Co. v. York*, 326 U.S. 99, 108 (1945); *Erie R. Co. v. Tompkins*, 304 U.S. 64 (1938). The circuit courts of appeal have interpreted the mandate of these cases as requiring federal diversity courts to construe the law of the state in the same manner in which the highest court of the state would so construe it if faced with similar facts and issues. *See, e.g., Hartford v. Gibbons & Reed Co.*, 617 F.2d 567 (10th Cir. 1980); *Drexel v. Union Prescription Centers, Inc.*, 582 F.2d 781 (3d Cir. 1978); *Hatfield v. Palles*, 537 F.2d 1245 (4th Cir. 1976). Thus, the Sixth and Second Circuits should have looked to those decisions upon which Tennessee courts would have relied had they been confronted with a case of first impression under Tennessee law.

Neither the Sixth Circuit in deciding *Memphis Development* nor the Second Circuit in according "conclusive deference" to the *Memphis Development* opinion followed those principles here. Tennessee state courts when faced with a question on which there are "no guiding precedents under Tennessee decisional law" have historically relied on analogous Tennesse decisions and the "well-reasoned opinion[s]" of other courts, *Howard v. U.S.*, 566 S.W. 2d 521, 523, 526 (Sup. Ct. Tenn. 1978), including those from New York, *Howard v. U.S., supra; Fox v. City of Columbia*, 491 S.W.2d 353 (Sup. Ct. Tenn. 1973); *Curry v. State*, 397 S.W.2d 179 (Sup. Ct. Tenn. 1965); *Mobile Home City of Chattanooga v. Hamilton County*, 552 S.W. 2d 86 (Ct. App. Tenn. 1976), *cert. denied*, 431 U.S. 956 (1977). The Sixth Circuit ignored analogous

Tennessee[8] and ignored the well-reasoned opinions of other jurisdictions including the Second Circuit decisions in *Factors I* which was decided under New York law. In direct violation of this Court's decision in *Erie*, it, as Judge Mansfield observed, merely declared what it "thought would be a preferable general common law rule for that State."[9] (652 F.2d 284) (Mansfield, J.).

Nor did the Sixth Circuit give any deference whatsoever, as it should have, to the views of the Tennessee district judge more experienced in applying Tennessee law than the Sixth Circuit. *See, Bernhardt v. Polygraphic Co.*, 350 U.S. 198 (1956); *Takahashi v. Loomis Armored Car Service*, 625 F.2d 314 (9th Cir. 1980); *Hartford v. Gibbons & Reed Co.*, 617 F.2d 567 (10th Cir. 1980); *Schuster v. U.S. News and World Report, Inc.*, 602 F.2d 850 (8th Cir. 1979). The Sixth Circuit's failure to give that deference to the district court judge was especially egregious here, since that judge employed precisely the analysis that the Tennessee state courts have historically employed in accordance with *Erie* and its progeny.[10]

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8. *See, Robinson v. Robinson's, Inc.*, 9 Tenn. App. 103 (1929); *Sanford-Day Iron Works v. Interprise Foundry*, 138 Tenn. 437, 198 S.W. 258 (1917); *Bradford & Carson v. Montgomery Furn. Co.*, 115 Tenn. 610, 92 S.W. 1104 (1905), relied on by the Tennesee district judge. 441 F.Supp. 1329, 1329 n.9, 1330, App. at 110a n. 9, 112a.

9. In this regard, we note this Court's admonition in *Erie R. Co. v. Tompkins*, 304 U.S. 64, 78 (1938):

> "There is no federal general common law. Congress has no power to declare substantive rules of common law applicable in a State whether they be local in their nature or "general," be they commercial law or a part of the law of torts. And no clause in the Constitution purports to confer such a power upon the federal courts."

10. *See*, n.4 *supra*.

The Second Circuit likewise failed to decide the case as would a Tennessee court faced with a case of first impression.[11] It determined that it was not free to independently analyze whether Tennesssee would recognize a survivable "right of publicity", and held that it was required to give "conclusive deference" and "*stare decisis*" effect to the prediction of the Sixth Circuit since it is the circuit in which the State of Tennessee is located. *Factors II* at 279, 283 n.8, App. at 2a, 12a n.8. It suggested that it would be free to disregard the views of a sister circuit as to the law of a state within the sister circuit's territorial jurisdiction only where it was persuaded that (i) "the holding had been superceded by a later pronouncement from state legislative or judicial sources" or (ii) "prior state court decisions had been inadvertently overlooked by the pertinent court of appeals." 652 F.2d at 283, App. at 11a. The Second Circuit did not— and appears to have believed it was not free to — determine as a threshold issue whether the Sixth Circuit had correctly applied the interpretative rules of Tennessee courts in determining cases of first impression. Here, where the Sixth Circuit failed to correctly apply these interpretative rules, the Second Circuit should have been free to disregard the Sixth Circuit's decision. It held that it was not, and we submit that by giving "conclusive deference" to the Sixth Circuit, it also failed in its duties as a diversity court.

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11. One might also argue that the Second Circuit was sitting as only "another court" of the state of New York. Thus, in accordance with this Court's decision in *Klaxon Co. v. Stentor Electric Mfg. Co.*, 313 U.S. 487 (1941), it should have looked to New York's choice of law rule in determining that Tennessee law applied. It appears to have done this and determined that a New York court would apply Tennessee law. *Factors II* at 280-81, App. at 4a-6a. Finding no Tennessee law, it then should have decided the case as would a New York state court. In a situation where, as here, there is no authority from the state whose law is to be applied, New York courts have looked to the relevant New York authority, *Keeler v. Templeton*, 165 Misc. 392, 300 N.Y.S. 868 (Sup. Ct. Chemung Co. 1937), *see, Strain v. Seven Hills Associates*, 75 A.2d 360, 429 N.Y.S. 2d 424 (1st Dep't 1980), and certainly would not be bound to the Sixth Circuit opinion.

2. Prior to *Factors II*, the circuit courts of appeal appear to have concluded that opinions of federal diversity courts which constituted no more than "predictions" of state law had little or no precedential value. [12] *See, e.g., Keystone Aeromatics Corp. v. R.J. Enstrom Corp.*, 499 F.2d 146, 147 (3d Cir. 1974) ("our assigned role is to predict and not to form state law"); *Peterson v. U-Haul Co.*, 409 F.2d 1174, 1177 (8th Cir. 1969) ("federal court decisions in diversity cases have no precedential value as state law and only determine the issues between the parties"); *Herzog v. Fidelity & Casualty Co. of N.Y.*, 257 F.2d 840, 841 (10th Cir. 1958) ("forecasts [of other federal courts] of controlling state law . . . are binding only on the parties and persuasive only until the respective states have spoken"). Moreover, even where a local federal court interpretation of state law is based on state authority, the District of Columbia Circuit, though noting that such an interpretation is "entitled to weight," has declined to follow the view of a sister circuit where its own review of the law of the state leads it to a different conclusion. *Waters v. American Automobile Insurance Co.*, 363 F.2d 684, 689 (D.C. Cir. 1966).

There has been no clear direction from this Court as to the precedential effect of a federal court's "prediction" of state law and whether such a decision should be binding upon anyone other than the parties. Certainly direction from this Court is desirable where, as here, a circuit has propounded a new and broad rule of potentially wide-ranging effect which appears to be contrary to the views of other circuits.

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12. We note that the issue of whether a circuit court should give "conclusive deference" to a sister circuit court's interpretation of state law for a state within its territorial jurisdiction would only appear to arise where there is no authoritative state source declaring the state law. If there were such a source available, a circuit court could — and should — look directly at that source and there would be no reason to have to defer — conclusively or otherwise — to another federal court decision.

3. The majority in *Factors II* suggested that the "conclusive deference rule" would promote the "orderly development of state law and fairness to those subject to state law requirements." *Factors II* at 282, App. at 9a. We submit that it does not, and in this case, has only engendered confusion as to the law of Tennessee.

Thus, prior to *Factors II,* those subject to Tennessee state law had a reasonable basis to expect that the law of Tennessee governing rights of celebrities in their names and likenesses absent unusual circumstance would develop in accordance with that of the vast majority of jurisdictions which have considered the issue. The Second Circuit had long ago recognized the "right of publicity" as a specie of intangible property, independent from the statutory right of privacy, which can be validly transferred by its owner. *See, Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.* 202 F.2d 866 (2d Cir. 1953), *cert. denied,* 346 U.S. 816 (1953). It is submitted that the determination in *Factors I* that this property right could, under certain circumstances, survive a celebrity's death, was a predictable and significant development of that concept and one which the vast majority of courts and commentators that have considered the issue have adopted.[13] Accordingly, those subject to Tennessee state law certainly had a reasonable basis to believe that Tennessee, when it ruled on the matter, was likely to recognize such a right.

Significantly, the first Tennessee state court to rule on the matter has so held. Indeed, in *Flatt,* the Tennessee court relied heavily on the reasoning in Judge Mansfield's dissent in *Factors II* and noted that the survivability of the right of publicity "should have special significance in Tennessee" and would enhance " 'the continued growth of Nashville and Memphis as centers for the

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13. These authorities were enumerated by Judge Mansfield in footnote 1 of his dissent. 652 F.2d at 284 n.1 (Mansfield, J., dissenting), App. at 13a n.1.

lives and activities of music industry personalities.' 652 F.2d at 288." *Flatt,* slip op. at 12-13, App. at 86a. Thus, the Second Circuit, by giving "conclusive deference" to *Memphis Development,* has not only unfairly undermined the expectations of those subject to state law requirements, it has engendered disorderly development and confusion of Tennessee law and non-uniformity of its application. Indeed, in the three cases which have ruled on this issue under Tenessee law, two federal courts have held that there was no survivability of rights of publicity and deprived the owners of such rights of them and a state court has held exactly the contrary, enforcing those same rights.

Moreover, in view of the *Flatt* court's rejection of the Sixth Circuit's opinion, the "conclusive deference" rule announced by the Second Circuit in *Factors II* could well result in different determinations depending on whether suit was brought in a state or federal diversity court — precisely the result this Court condemned in *Erie R. Co.v. Tompkins,* 304 U.S. 64 (1938) and *Guaranty Trust Co. v. York,* 326 U.S. 99 (1945). At best, as Judge Mansfield suggested, the *Flatt* decision may have wiped out entirely the future significance of both *Memphis Development* and *Factors II. Factors II* at 286 (Mansfield, J., dissenting), App. at 17a. However, other courts may well read *Factors II* as not requiring — and perhaps not even permitting — such a result. In this regard, the *Factors II* court noted that a circuit court would only be "obliged to disregard a state law holding by the pertinent court of appeals *if persuaded* that the holding had been superceded by a later pronouncement from state legislative or judicial sources." *Factors II* at 263, App. at 11a (emphasis added). Thus, a federal diversity court following the Second Circuit's rule may well conclude that it was "conclusively bound" to follow the Sixth Circuit's opinion or, at the very least, required to give it substantial weight because the *Flatt* decision is an unofficially reported lower court decision. *See, Commissioner v. Bosch,* 387 U.S. 456 (1967); *King v. Order of United Commercial Travelers,* 333 U.S. 153

(1948). A state court, however, would not have to reach this issue. Accordingly, we submit that this Court should review the Second Circuit's opinion to ensure that the principles it set forth in *Erie* and its progeny are not eroded.

4. The Second Circuit's adoption and application of "conclusive deference" rule in *Factors II* has produced a bizarre result in this case and one that is fundamentally unfair to petitioners. Thus, the Second Circuit held that petitioners' claims were barred as a matter of law despite the facts that (i) they acknowledged that absent their newly propounded "conclusive deference" rule, they would rule in favor of petitioners, and (ii) within weeks after the Second Circuit's decision, a Tennessee state court in *Flatt* explictly *rejected* the conclusion and reasoning of the Sixth Circuit.

This unfairness is compounded by the fact that the Sixth Circuit itself has in the past relied on an unreported decision of a Tennessee chancery court — the court that decided *Flatt* — to establish Tennessee law in a diversity case. *Royal Indemnity Co. v. Clingan,* 364 F.2d 154 (6th Cir. 1966). That case is particularly applicable here since the chancery decision relied on in that case was, as here, rendered *after* a federal court had predicted Tennessee law to be precisely the contrary and the chancery court judge had expressly declined to follow that federal court decision. Thus, were the issue presented to the Sixth Circuit now, it seems likely they would revise their holding in *Memphis Development.*

Accordingly, contrary to the claims of the *Factors II* majority that its decision promotes fundamental fairness, its result is exceedingly unfair to petitioners. Petitioners are in the anomolous position of having been deprived of their rights despite the facts that (i) before *Factors II* the Second Circuit had found in its favor, (ii) in *Factors II* the Second Circuit acknowledged that it agreed

with Factors on the merits, (iii) a few weeks after *Factors II* a Tennessee court ruled on the issue in Factors' favor, and (iv) were the Sixth Circuit to hear the case again it would likely rule in Factors' favor. This Court should not permit such an unfair and bizarre result to stand.

CONCLUSION

For each of the foregoing reasons, petitioners request that this petition for certiorari be granted.

Dated: New York, New York
February 11, 1982

Respectfully submitted,

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Appendix

81-1535 No.

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In The

Supreme Court of the United States

October Term, 1981

FACTORS ETC., INC. and BOXCAR ENTERPRISES, INC.,

Petitioners,

vs.

PRO ARTS, INC., and STOP AND SHOP COMPANIES, INC.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

APPENDIX TO PETITION FOR WRIT OF CERTIORARI

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APPENDIX

OPINION OF THE UNITED STATES COURT OF APPEALS, SECOND CIRCUIT [652 F.2d 278 (1981)]

FACTORS ETC., INC. and Boxcar Enterprises, Inc., Plaintiffs-Appellees,

v.

PRO ARTS, INC. and Stop and Shop Companies, Inc., Defendants-Appellants.

No. 503, Docket 80-7692.

United States Court of Appeals, Second Circuit.

Argued Dec. 15, 1980.

Decided June 29, 1981.

Before MANSFIELD and NEWMAN, Circuit Judges, and CARTER,* District Judge.

NEWMAN, Circuit Judge:

The merits of this appeal concern the interesting state law question whether a person has a protected interest in publicizing his name and likeness after his death, or, as the matter has been

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* The Honorable Robert L. Carter of the United States District Court for the Southern District of New York, sitting by designation.

put, is there a descendible right of publicity?[1] Despite the fascination of this question, what divides the members of this panel and forms the basis for the majority's disposition of this appeal is the more esoteric question, apparently of first impression, concerning the deference a federal court exercising diversity jurisdiction should give to a ruling by a court of appeals deciding the law of a state within its circuit. Believing that conclusive deference should be given, except in certain situations not applicable here, we reverse the judgment of this case.

FACTS

The facts are set forth in this Court's first encounter with this litigation, *Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908, 99 S.Ct. 1215, 59 L.Ed.2d 455 (1979) (*Factors I*), and need be recounted only briefly here. During his life, Elvis Presley, the well-known popular singer, formed a Tennessee corporation, Boxcar Enterprises, Inc., and assigned it exclusive ownership of all rights to use for commercial purposes his name and likeness.[2] On August 18, 1977, two days after Presley's death, Boxcar

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1. *See* Felcher & Rubin, Comment, *The Descendibility of the Right of Publicity: Is There Commercial Life After Death*, 89 Yale L.J. 1125 (1980); Felcher & Rubin, *Privacy, Publicity and the Portrayal of Real People by the Media*, 88 Yale L.J. 1577 (1979); Nimmer, *The Right of Publicity*, 19 Law & Contemp. Prob. 203 (1954); Comment, *Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild*, 22 U.C.L.A. L. Rev. 1103 (1975); Note, *Lugosi v. Universal Pictures: Descent of the Right of Publicity*, 29 Hastings L.J. 751 (1978).

2. The circumstances surrounding the assignment of rights to Boxcar, a matter of some confusion, happily not of concern to this appeal, are discussed in *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977).

granted to plaintiff-appellee Factors Etc., Inc., a Delaware corporation, an exclusive license for 18 months, renewable at the licensee's option for up to four years, to use Presley's name and likeness in connection with the manufacture and sale of any kind of merchandise. The licensee agreed to pay a royalty of 5% of sales, subject to a minimum royalty for the first 18 months of $150,000, and also subject to certain minimum royalties on specified items, for example $.08 for each poster.

On August 19, 1977, defendant-appellant Pro Arts, Inc., an Ohio corporation, published a poster displaying a photograph of Presley and the dates 1935-1977. Pro Arts had purchased the copyright in the photograph from the newspaper photographer who had taken it. Pro Arts marketed the poster through various retailers, including co-defendant-appellant Stop and Shop Companies, Inc., which sold the poster through its Bradlee Stores Division in the Southern District of New York. After communication between Boxcar, Factors, and Pro Arts, Factors brought this suit in the Southern District of New York and obtained a preliminary injunction restraining defendants from manufacturing, selling, or distributing the Presley poster and from making any commercial use of Presley's name or likeness. *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F. Supp. 288 (S.D.N.Y. 1977). We affirmed that injunction in *Factors I.*

Contemporaneously with the initiation of this suit, Factors found itself in litigation on another front. The Memphis Development Foundation, an organization formed in Memphis, Tennessee, to construct a bronze statute of Presley in downtown Memphis, sued Factors in the District Court for the Western District of Tennessee to prevent Factors from interfering with the Foundation's efforts to raise funds by selling eight-inch pewter replicas of the proposed Presley statue priced at $25.

Factors counterclaimed for an injunction to restrain the Foundation's distribution of the statuettes and secured a preliminary injunction, *Memphis Development Foundation v. Factors, Etc., Inc.*, 441 F. Supp. 1323 (W.D. Tenn. 1977), *aff'd*, 578 F. 2d 1381 (6th Cir. 1978) (table). On motion for summary judgment in the Tennessee litigation, Factors obtained a permanent injunction in the District Court. However, the Sixth Circuit reversed, holding that Presley's right of publicity did not survive his death. *Memphis Development Foundation v. Factors Etc., Inc.*, 616 F. 2d 956 (6th Cir.), *cert. denied*, ___U.S.___, 101 S. Ct. 358, 66 L. Ed. 2d 217 (1980).

Thereafter Factors moved for summary judgment in the New York litigation. Appellants (hereafter collectively "Pro Arts") brought to the District Court's attention the Sixth Circuit's reversal in *Memphis Development*, contending that *Memphis Development* collaterally estopped Factors from asserting that it possessed any exclusive publicity rights to the name and likeness of Presley after his death. Implicitly rejecting this contention, the District Court (Charles H. Tenney, Judge) granted Factors' motion and issued a permanent injunction, from which this appeal has been taken. 496 F. Supp. 1090 (S.D.N.Y. 1980).

DISCUSSION

The District Court, exercising its diversity jurisdiction, 28 U.S.C. §1332 (1976), was obliged to apply the substantive law of the state to which the forum state, New York, would have turned had the suit been filed in state court. *Klaxon Co. v. Stentor Electric Manufacturing Co.*, 313 U.S. 487, 61 S. Ct. 1020, 85 L. Ed. 1477 (1941). Curiously, the choice of law issue had received no attention from the parties in this litigation prior

to the Sixth Circuit's reversal in *Memphis Development.* Perhaps assuming that the law governing this infringement action was the law of the place of the wrong, as appellees now explicitly contend on this appeal, the parties did not refer to choice of law rules on the prior appeal, and this Court, without discussion, simply observed that the issue of the duration of the right of publicity is "one of state law, more specifically the law of the State of New York," 579 F. 2d at 220. That choice of law ruling, made in the course of affirming the preliminary injunction, does not preclude our reexamination of the point on this appeal from a final adjudication of the case, *see Diversified Mortgage Investors v. U.S. Life Title Insurance Co.*, 544 F. 2d 571, 576 (2d Cir. 1976), especially now that the parties have put the choice of law issue in dispute.[3]

Factors not only contends that New York law is applicable as the law of the place of the wrong, citing *Cousins v. Instrument Flyers, Inc.*, 44 N.Y. 2d 698, 699, 405 N.Y.S. 2d 441, 442, 376 N.E. 2d 914 (1978), but also asserts that even if a "significant contacts" test were applied, *see Babcock v. Jackson,* 12 N.Y. 2d 473, 240 N.Y.S. 2d 743, 191 N.E. 2d 279 (1963), the significant contacts of this dispute, *i.e.*, those that "relate to the

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3. Factors contends that Pro Arts is raising the choice of law issue for the first time on appeal, thereby foreclosing Factors from an opportunity to develop in the trial court a factual record demonstrating significant New York contacts. *See DuBreuil v. Stevenson,* 369 F. 2d 690 (5th Cir. 1966). However, Pro Arts did call the District Court's attention to the pertinency of Tennessee law on the issue of the existence of a publicity right after Presley's death. (June 19, 1980 tr. 23-24). The point was made in urging that Factors was collaterally estopped to assert possession of a publicity right by the *Memphis Development* decision, an issue we need not resolve in view of our disposition of the appeal. Moreover, it is difficult to imagine what New York contacts Factors could possibly marshal to support a claim that a New York court would apply New York law in deciding the nature of the rights acquired by Factors pursuant to the Boxcar-Factors contract.

purpose of the particular law in conflict," *Miller v. Miller*, 22 N.Y. 2d 12, 15-16, 290 N.Y.S. 2d 734, 737, 237 N.E. 2d 877, 879 (1968), are with New York. Factors points not only to the sale of the infringing poster, which occurred in New York, but also to the fact that New York, as a center of communications and the locale where the publicity value of many personas has developed, has an interest in ensuring against misappropriation of a celebrity's right of publicity. Against this rather sparse showing, Pro Arts points out that Tennessee is where Presley was domiciled, Boxcar was incorporated, and the agreement between Boxcar and Factors was made. Moreover, the latter agreement specifically provides that it is to be construed in accordance with Tennessee law. We think it likely that these facts would persuade a New York court to look to the law of Tennessee. But even if a New York court would apply New York law in considering some elements of Factors' claim, such as the occurrence of an infringement, we feel certain that Tennessee law would be referred to in deciding whether Boxcar had a right of publicity in Presley's name and likeness, after his death, that was capable of being contracted for by Factors. *Cf.* Restatement (2d) of Conflict of Laws (1971) §147, Comment (i), noting that tort conflicts rules apply to issue of conversion of property, but property conflicts rules apply to whether plaintiff has title to property allegedly converted.

All members of the panel agree that we should turn to Tennessee law to determine what rights the Boxcar-Factors contract conveyed to Factors. We find, as the Sixth Circuit concluded in *Memphis Development*, that Tennessee statutory and decisional law affords no answer to the question. We are thus brought to the issue that divides the panel: whether deference should be accorded to the decision in *Memphis Development*.

Somewhat to our surprise, there has been hardly a mention in the appellate reports of the appropriate deference a court of appeals should give to a decision made by the court of appeals of another circuit on the law of a state within that other circuit. It has frequently been observed that a court of appeals should give considerable weight to state law rulings made by district judges, within the circuit, who possess familiarity with the law of the state in which their district is located. *See* 1A Moore's Federal Practice ¶0.309(2) n. 28 (collecting cases). The Supreme Court has expressed similar views concerning state law interpretations by a panel of circuit judges whose circuit includes the relevant state. *MacGregor v. State Mutual Life Assurance Co.*, 315 U.S. 280, 62 S. Ct. 607, 86 L. Ed. 846 (1942). But no case appears to have turned on whether one court of appeals should defer to another circuit as to the law of a state within that circuit.[4]

In deciding *Memphis Development*, the Sixth Circuit was expounding Tennessee's version of the common law. It makes no difference that the Court was unable to find any Tennessee decisional law to guide its resolution of the issue before it, leaving it, as Judge Merritt candidly acknowledged, with "no

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4. In *Waters v. American Automobile Insurance Co.*, 363 F. 2d 684, 689 (D.C. Cir. 1966), the District of Columbia Circuit seemed prepared to read Missouri cases to reach a result different from one adopted by the Eighth Circuit, but ultimately rested decision on a recent decision of a state intermediate appellate court, which was precisely in point. In *Peterson v. U-Haul Co.*, 409 F. 2d 1174, 1177 (8th Cir. 1969), the Eighth Circuit expressed the view that "Federal court decisions in diversity cases have no precedential value as state law and only determine the issues between the parties." This view has been labeled erroneous by Professor Moore, 1A Moore's Federal Practice ¶ 0.309(2) n. 19, and several circuits, including the Eighth, have relied on the precedential force of their own prior rulings on state law, *id.* at p. 3124-25 and n. 25 (collecting cases).

way to assess" the predisposition of the Tennessee courts. 616 F. 2d at 958. The Sixth Circuit may have lacked any sure basis for predicting what the Tennessee courts would do and therefore felt obliged to make its decision "in the light of practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral pre-suppositions concerning death, privacy, inheritability and economic opportunity." *Ibid.* But this recourse to such general considerations did not alter the function that the Sixth Circuit was performing. In adjudicating a state-created right in the exercise of its diversity jurisdiction the Court was "for that purpose, in effect, only another court of the State." *Guaranty Trust Co. v. York,* 326 U.S. 99, 108, 65 S. Ct. 1464, 1469, 89 L. Ed. 2079 (1945). It had no power "to declare substantive rules of common law," *Erie Railroad Co. v. Tompkins,* 304 U.S. 64, 78, 58 S. Ct. 817, 822, 82 L. Ed. 1188 (1938); it could only declare the law of Tennessee. "The common law so far as it is enforced in a State, whether called common law or not, is not the common law generally but the law of that State existing by the authority of that State . . ." *Id.* at 79, 58 S. Ct. at 822, quoting *Black and White Taxicab and Transfer Co. v. Brown and Yellow Taxicab and Transfer Co.,* 276 U.S. 518, 533, 48 S. Ct. 404, 408, 72 L. Ed. 681 (1928) (Holmes, J., dissenting).

Of course reasonable minds may differ as to the preferable course that the common law of Tennessee ought to follow on the merits of Factors' claim. The writer would probably uphold a descendible right of publicity, were he serving on the Tennessee Supreme Court, and perhaps if he served on the Sixth Circuit when *Memphis Development* was decided. But the issue for this Court is not which view of the merits is wiser policy; it is whether, and under what circumstances, a ruling by a court of

appeals, interpreting the common law of a state within its circuit, should be regarded as authoritative by the other federal courts of the nation. The answer is illuminated by consideration of the functioning of diversity jurisdiction.

One distinct shortcoming of diversity jurisdiction is the interruption of the orderly development and authoritative exposition of state law occasioned by sporadic federal court adjudications. Except in those few jurisdictions permitting a federal court to certify an unsettled question of state law to the state's highest court,[5] a federal court's decision on state law cannot be corrected, for the benefit of the litigants in the particular case, by the state's authoritative tribunal. As long as diversity jurisdiction exists, this price must be paid. However, the opportunities for federal court departure from the normal paths of state law development should be held to a minimum, for the benefit of both the orderly development of state law and fairness to those subject to state law requirements. Both values are served by recognizing, within the federal system, the authoritativeness of decisions on the law of a particular state rendered by the court of appeals for the circuit in which the state is located. Orderly development is enhanced because the state legislature will know that the decision of the pertinent court of appeals will determine legal rights, unless superseded by a later state supreme court decision. This knowledge will focus state legislative efforts on the appropriateness of a statutory change. Fairness to the public is promoted by making clear that there is a single, authoritative answer to the particular state law issue, instead of leaving the matter subject to the varying

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5. *E.g.*, Fla. App. R. 4:61; Md. Code Ann. §12-601 (1980); Mass. Sup. Jud. Ct. R. 3:21.

interpretations of the courts of appeals for the several circuits.[6] If this Court were to disregard the Sixth Circuit's view and declare that Tennessee law recognizes a descendible right of publicity, what standard of conduct should guide Tennessee residents endeavoring to determine whether their publicity rights are to be valued only for a lifetime or beyond? Of course, lawyers frequently have to advise clients concerning unsettled issues of law, but the exercise of diversity jurisdiction should not add to their uncertainty. Diversity jurisdiction, especially in its post-*Erie* incarnation, should not create needless diversity in the exposition of state substantive law. Even though the decision of the pertinent court of appeals may be revised by a subsequent state supreme court ruling, a state court will normally have the option of making such a ruling prospective only, thereby protecting any rights bargained for in reliance on the ruling of the pertinent court of appeals. That option would make little

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6. Even if uniformity is achieved throughout the federal courts, the possibility remains that the courts of various states, obliged to consider Tennessee law because of their conflicts rules, might reach different predictions of Tennessee law. We think it more likely that state courts would share our interest in uniformity and accept a ruling by a pertinent federal court of appeals, subject to the same qualifications we adopt for ourselves. If in some instances a state court did not do so, that might lessen but would not eliminate the appropriateness of promoting uniform exercise of diversity jurisdiction within the federal court system. And the uniformity achieved for the period after the date of the decision of the pertinent federal court of appeals is not less worthy of achievement simply because prior to that decision other federal courts or courts of other states may have made different predictions about the course of Tennessee law. The possibility of these unavoidable departures from uniformity, just like decisions of federal or other state courts rendered before an authoritative ruling by the pertinent state's highest court, is an insufficient reason to create a needless departure from uniformity during what may be an extended period beginning after a decision by the pertinent federal court of appeals and ending, if at all, only in the event of a contrary decision by the pertinent state's highest court or legislature.

sense if the authoritative state court ruling came after divergent rulings had been made by several courts of appeals.

We need not and do not conclude that the state law holding of the pertinent court of appeals is automatically binding upon the federal courts of all the other circuits. The ultimate source for state law adjudication in diversity cases is the law as established by the constitution, statutes, or authoritative court decisions of the state. A federal court in another circuit would be obliged to disregard a state law holding by the pertinent court of appeals if persuaded that the holding had been superseded by a later pronouncement from state legislative or judicial sources, *e.g., Waters v. American Automobile Insurance Co.*, 363 F. 2d 684, 689 (D.C. Cir. 1966), or that prior state court decisions had been inadvertently overlooked by the pertinent court of appeals. Neither circumstance exists in this case. Where, as here, the pertinent court of appeals has essayed its own prediction of the course of state law on a question of first impression within that state, the federal courts of other circuits should defer to that holding, perhaps always, and at least in all situations except the rare instance when it can be said with conviction that the pertinent court of appeals has disregarded clear signals emanating from the state's highest court pointing toward a different rule. However our sense of the common law might lead us to resolve the merits of this case were we judges of the Tennessee Supreme Court, as "outsiders" with respect to Tennessee law, *Lehman Brothers v. Schein*, 416 U.S. 386, 391, 94 S. Ct. 1741, 1744, 40 L. Ed. 2d 215 (1974), we should defer to the views of the Sixth Circuit unless we can point to a clear basis in Tennessee law for predicting that the Tennessee courts, when confronted with a case such as this, would conclude that the Sixth Circuit's prediction was

incorrect.[7] Since we are unable to find any such indication in Tennessee law, we accept *Memphis Development* as controlling authority and conclude that after Presely's death, Boxcar had no right of publicity in Presley's name and likeness to convey to Factors.[8]

For these reasons the judgment of the District Court is reversed.

MANSFIELD, Circuit Judge (dissenting):

I respectfully dissent. I agree with the majority that, despite the contrary assumption of all parties in *Factors I*, New York conflict of laws analysis would call for the application of Tennessee law to determine if Elvis Presley's right of publicity survived his death. However, with the utmost of respect for our

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7. As it happens, the author of *Memphis Development* is a distinguished member of the Tennessee bar, whose sense of what may be expected of the Tennessee Supreme Court surely surpasses our own. But since Judge Merritt's opinion so emphatically disclaims any basis for predicting how Tennessee will resolve the issue on the merits, we prefer to determine the authoritativeness of *Memphis Development* with regard to the territorial scope of the Sixth Circuit, rather than the heritage of the opinion's author.

8. In view of our disposition of the appeal, deferring, as a matter of *stare decisis* to the Sixth Circuit's interpretation of Tennessee law, we need not consider Pro Arts' other contentions, which include claims that the judgment in *Memphis Development* collaterally estops Factors from asserting a descendible right of publicity; that if New York law applies, New York would not recognize such a right; and that federal copyright law preempts application of state law purporting to protect such a right. Nor need we consider whether the law of a state recognizing a right of publicity may be enforced nationwide, or only within that particular state. *Cf. Goldstein v. California*, 412 U.S. 546, 93 S. Ct. 2303, 37 L. Ed. 2d 163 (1973).

distinguished and able colleagues on the Sixth Circuit, I see no warrant, if we disagree on the merits, for blindly following its decision in *Memphis Development Foundation v. Factors Etc., Inc.*, 616 F. 2d 956 (6th Cir.), *cert. denied*, ___U.S.___, 101 S. Ct. 358, 66 L. Ed. 2d 217 (1980), any more than we would defer to the decision of any other circuit court with which we might, as has occurred on numerous occasions, disagree or conflict. The reasoning of *Memphis Development* is not in any way derived from the local law of Tennessee. Its result is inconsistent with that of nearly every other case which has considered the issue,[1] including the Sixth Circuit's own prior ruling on the preliminary injunction issued by the district court in *Memphis Development* and our opinion in *Factors I*. It is also contrary to all current views of scholarly commentators on the subject.[2]

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1. Decisions holding that the right of publicity will survive death include *Hicks v. Casablanca Records*, 464 F. Supp. 426 (S.D.N.Y. 1978); *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977) (companion to the Pro Arts case which was affirmed by us in *Factors I*); *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836 (S.D.N.Y. 1975). The position of the California Supreme Court is somewhat unclear. In *Lugosi v. Universal Pictures*, 160 Cal. Rptr. 323, 603 P. 2d 425 (1979), and *Guglielmi v. Spelling-Goldberg Productions*, 160 Cal. Rptr. 352, 603 P. 2d 454 (1979), the majority of the Court held that the rights of publicity involved in those cases did not survive the death of the individuals in question. But it has been suggested that the ruling in *Lugosi*, on which *Guglielmi* was in turn based, depended on the finding that Bela Lugosi had not exploited his right during life. See *Lugosi, supra*, 603 P. 2d at 447 n. 33 (Bird, C.J., dissenting); Felcher & Rubin, *The Descendibility of the Right of Publicity: Is There Commercial Life After Death?*, 89 Yale L.J. 1125, 1126 n. 5 (1980) ("Felcher & Rubin II"). Without deciding whether or not this reading of *Lugosi* is justified, it is clear that any requirement of exploitation during life is fully met in this case. *See Factors I, supra*, 579 F. 2d at 222 n. 11; note 4 *infra*.

2. See, e.g., Felcher & Rubin II, *supra*; Felcher & Rubin, *Privacy, Publicity, and the Portrayal of Real People by the Media*, 88 Yale L.J. 1577 (Cont'd)

The majority starts with the proposition that deference is owed to the "interpretations" (Maj. opin., p. 281) by a federal court of the law of a state within its jurisdiction, a principle with which I find no need to disagree. However, it then states that the "issue for this Court . . . is whether, and under what circumstances, a ruling by a court of appeals, interpreting the common law of a state within its circuit, should be recognized as authoritative by the other federal courts of the nation." (Maj. opin., p. 282). With this statement of the issue I must disagree. Here there was *no interpretation of any* Tennessee law by the Sixth Circuit, only a declaration of what that court thought would be a preferable general common law rule for that state. The issue before us, therefore, is whether a federal court of appeals, called upon to anticipate what general common law rule with respect to a legal question might be appropriate for a state having no law whatsoever on the subject, must adhere to the diversity decision of a sister federal court of appeals within whose boundaries the state is located. Resolution of this issue requires us to look into the reasoning behind the policy of deference which the majority would apply and decide whether it is to be applied mechanically on a geographical basis or is instead subject to any limitations.

The weight given by higher federal courts to state law rulings made by federal judges sitting in that state results from

(Cont'd)

(1979) ("Felcher & Rubin I"); Pilpel, *The Right of Publicity*, 27 Copyright Soc'y Bull. 249 (1980) ("Pilpel"); Note, *Lugosi v. Universal Pictures: Descent of the Right of Publicity*, 29 Hastings L.J. 751 (1978); Note, *The Right of Publicity—Protection for Public Figures and Celebrities*, 42 Brooklyn L. Rev. 527 (1976); Comment, *Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild*, 22 U.C.L.A. L. Rev. 1103 (1975). And see additional authorities collected in *Lugosi, supra*, 603 P. 2d at 446 n. 30 (Bird, C.J., dissenting).

the supposed greater familiarity that such a judge will have with the local law and the methods and tendencies of the state courts. As Wright states:

> "As a general proposition, a federal court judge who sits in a particular state and has practiced before its courts may be better able to resolve complex questions about the law of that state than is some other federal judge who has no such personal acquaintance with the law of the state. For this reason federal appellate courts have frequently voiced reluctance to substitute their own view of the state law for that of the federal judge. As a matter of judicial administration, this seems defensible." C. Wright, *Federal Courts* §58 at 271 (3d ed. 1976) [footnote omitted].

To a lesser extent a federal court of appeals might conceivably be considered to have more familiarity with the law of a state within its boundaries than would another federal court of appeals. Even this premise is open to serious question, however, for a number of reasons. Unlike a state court or a federal district court within a single state, the court of appeals of a circuit in which several states are located, which disposes of diversity appeals as only a small percentage of its business, is not likely to gain any special familiarity with the law of one of the states within its boundaries. The Sixth Circuit, for instance, physically encompasses seven different states. Of 1,823 appeals filed with it in 1980, only 212, or 11.6% (compared with an average for all circuits of 12.5%) were diversity suits and these originated not solely from Tennessee but from all seven states. See 1980 Annual Report of the Director, Administrative Office of the United States Courts, Table A-12.

These facts weaken and, indeed, may even destroy the assumption that the able Sixth Circuit has some special knowledge or expertise in Tennessee law to which deference must be paid. In this case, for instance, it would be more logical to assume that, if familiarity with a particular state's law is to be the standard for deference, the United States district judge for the Western District of Tennessee, Judge Harry W. Wellford, who in a well reasoned opinion held Elvis Presley's property right in his name and image for commercial purposes to be descendible, see 441 F. Supp. 1323 (W.D. Tenn. 1977), had superior expertise with respect to Tennessee law. On the issue before us *MacGregor v. State Mutual Life Assurance Co.*, 315 U.S. 280, 62 S. Ct. 607, 86 L. Ed. 846 (1942), cited by the majority, is of no assistance for the reason that there the circuit court merely affirmed the "interpretation placed upon purely local law by a Michigan federal judge of long experience," *id.* at 281, 62 S. Ct. at 607. Here, in contrast, the Sixth Circuit did not affirm Judge Wellman's decision, but reversed it.

Moreover, it is perfectly clear that the Sixth Circuit's decision in fact in no way depended on existent local law or methods. The opinion makes no effort, as is sometimes done, to determine what other states the Tennessee courts tend to look to, *cf. Yost v. Morrow*, 262 F. 2d 826, 828 n. 3 (9th Cir. 1959); *Wilmington Trust Co. v. Mutual Life Insurance Co.*, 76 F. Supp. 560 (D. Del. 1948), much less to be guided by analogous principles of Tennessee law, *cf. Winston Corp. v. Continental Casualty Co.*, 508 F. 2d 1298 (6th Cir. 1975). Instead, it expressly states at the outset that,

> "Tennessee courts have not addressed this issue directly or indirectly, and we have no way to assess their predisposition. Since the case is

> one of first impression, we are left to review the question in the light of practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral presuppositions concerning death, privacy, inheritability, and economic opportunity." 616 F. 2d at 958.

It then relies on John Rawls' *A Theory of Justice* (1971) and the Restatement of Torts in evaluating these general considerations. Clearly, familiarity with Tennessee law and practice was of no consequence in the Sixth Circuit's endeavor. We, however much "outsiders" (Maj. op., p. 283), are as fully qualified effectively to "declare" Tennessee law in such fashion as our sister circuit.

If under these circumstances we were to bow to the Sixth Circuit's declaration of Tennessee law, it would have to be for reasons other than those underlying the usual deference given to federal judges who are experienced in the local law and practice of states located within their boundaries. The majority seeks to find such a basis in the overall "functioning of diversity jurisdiction" (Maj. op., p. 282). First it argues that recognizing the authoritativeness of the Sixth Circuit's ruling would enhance the "orderly development of state law" (Maj. op. p. 282). But our refusal to be bound by the Sixth Circuit here would not affect the development of Tennessee law at all. It is conceded as a matter of settled law that any Tennessee court decision or state legislation would wipe out the future significance of both *Memphis Development* and our decision. Moreover, the notion that consistency among the circuits will better "focus state legislative efforts on the appropriateness of a statutory change" (Maj. op., p. 282) is speculative at best and perhaps ill founded.

If Tennessee constituents were laboring under conflicting federal court declarations of rights and duties, the legislature would be more likely to act sooner than if all decisions were consistent.

Second, while noting that lawyers must frequently advise clients concerning unsettled issues of law, the majority argues that failure to follow *Memphis Development* would promote uncertainty and "create needless diversity in the exposition of state substantive law" (Maj. op., p. 282). This ignores the fact that our development and formation of lasting rules of common law depends heavily on healthy differences of opinion. Soundness must not be sacrificed on the altar of consistency. If two members of this panel would "probably uphold a descendible right of publicity, were [they] sitting on the Tennessee Supreme Court" (Maj. op., p. 282) and the third would certainly do so, I think we should so hold rather than retreat behind unsupportable deferential niceties.

Even the consistency achieved under the majority's rule is fortuitous and arbitrary. Had the *Memphis Development* case arisen, for example, in the Ninth Circuit and had that circuit, without reference to Tennessee law or practice, declared that Tennessee law should not allow descendibility, would we be required to follow that version unless we could prove it wrong on some local basis overlooked by the Ninth Circuit? Apparently the majority, which would "determine the authoritativeness of *Memphis Development* with regard to the territorial scope of the Sixth Circuit" (Maj. op., p. 283 n. 7), would agree that such a Ninth Circuit decision would be entitled to no more weight than the usual persuasive authority of a sister circuit with which, for good reason, we might disagree. The only difference here, where the Sixth Circuit eschewed any Tennessee law basis for its declaration, is that its physical geography includes that state. In

my view the lack of logic behind the majority's geographical reasoning is further demonstrated by the fact that if we had stated our holding in *Factors I* to be a declaration of our view of Tennessee law, which we would certainly have done if the parties had not at that time agreed that New York law governed, the Sixth or any other circuit would have been free to take a contrary view and thus create the very inconsistency which the majority seeks to avoid.

In the unusual situation here, where an initial court of appeals diversity declaration is in no way derived from the law or practice of the state and interprets no existing state law, we should feel free to reach a different result if sound reasons recommend it, regardless of the unpersuasive views of the sister circuit from which the initial declaration emanated. Where, as here, the Sixth Circuit itself had no Tennessee law basis for its choice and we are persuaded that other reasons dictate a contrary decision (or prediction), there is no logical justification for a rule that would permit us to depart from the Sixth Circuit's views only upon a showing of "a clear *basis in Tennessee law* for predicting that the Tennessee courts . . . would conclude that the Sixth Circuit's prediction was incorrect" (p. 283) [emphasis added].

Turning to the merits, sound principles commend a different result from that reached in *Memphis Development* on the issue of whether Elvis Presley's right of publicity survived his death.[3] Because the issue was fully addressed in *Factors I* and

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3. In Felcher & Rubin II, *supra*, at 1132 n. 30 it is suggested that the overall result in *Memphis Development* "may be justifiable on other grounds, however. The statue of Presley, itself, being readily characterized as art, not merchandise, is protected by the First Amendment, and is outside the scope of publicity rights . .; Replicas of the statue could conceivably fall within the same protected category."

because the discussion there is consistent with the vast majority of other authorities considering the problem, see notes 1 & 2 *supra*, I will not rehash at length the elements supporting the *Factors I* result. The gist of the reasoning is that the right of publicity involved here is in the nature of a valuable property right, representing the fruits of an individual's investment in the commercial development of the use of his personality. It differs from a mere right of privacy, which is purely personal in nature and hence only protected from invasion as long as the individual lives. Where the publicity right is developed through commercial investment and exploitation of the individual during his lifetime, it should be treated just the same as any other intangible property right owned by him and be devisable or descendible at death. Further, the public policy of providing incentives for individual enterprise and investment of capital and energy argues for allowing an individual to pass the fruits of his labors along to others after his death. To maintain, as *Memphis Development* did, that "leaving a good name to one's children is sufficient reward in itself for the individual," 616 F. 2d at 959, is "rather harsh on those who have invested their efforts in their name, rather than in the stock market, and constitutes a rather heavy burden to impose on creativity." Felcher & Rubin II, *supra*, at 1132.

The parade of horrors conjured by the Sixth Circuit in *Memphis Development* to resist this reasoning is unreal. First, merely being a public figure (e.g., Gandhi, Napoleon, Revere, or the others mentioned at 612 F. 2d at 959) is not enough to create a descendible property right. That right exists only by virtue of the individual's *commercial development*[4] of his persona and is

4. The question of whether or not this factor is essential to survival of the right was reserved as unnecessary to the decision in *Factors I*. See 579 F. 2d at

(Cont'd)

limited to *commercial* products. Second, it is not analogous to "titles" and "offices," referred to by the Sixth Circuit, which are not alienable by law and not the result of commercial development any more than are "trust," "friendship" or "enmity," also referred to by that court. *Id.* Third, there are several answers to the Sixth Circuit's concern over how long the property interest lasts after the death of the individual and whether it is taxable. As a practical matter the ability to continue to exploit most commercially developed personalities through the sale of products after their death will last but a few years at most, diminishing because public interest in purchasing the products will decline. Further, limits could be placed on the duration of the right by analogy to the copyright statute. *See Lugosi v. Universal Pictures,* 603 P. 2d 425, 446-47 (1979) (Bird, C.J., dissenting). Whether the property right is taxable to the individual's estate will depend on intrepretation of the Internal

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(Cont'd)

222 n. 11. I would require proof of some form of exploitation along the lines outlined by the district court in *Hicks, supra,* 464 F. Supp. at 429:

> ". . .it would appear that a party claiming the right must establish that the decedent acted in such a way as to evidence his or her own recognition of the extrinsic commercial value of his or her name or likeness, and manifested that recognition in some overt manner, e.g., making an *inter vivos* transfer of the rights in the name (*Factors*), or posing for bubble gum cards (*see Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F. 2d 866 (2d Cir.), *cert. denied,* 346 U.S. 816, 74 S. Ct. 26, 98 L. Ed. 343 (1953))."

See Felcher & Rubin I, *supra,* at 1613-20 and Felcher & Rubin II, *supra,* at 1130-31, for arguments in support of an even sterner application of this requirement. But *cf. Lugosi, supra,* 603 P. 2d at 447 n. 33 (Bird, C.J., dissenting); Pilpel, *supra,* at 257.

Revenue Code, but there is every indication that receipts from the sale of products after death will be taxable to the seller as gross income. Fourth, free speech would not be inhibited by continuing to restrict the sale of such products only to licensees even after death. A biography, documentary or news article would not be the kind of merchandise covered by the right of publicity.[5] Just as it is during an individual's life, the right can be treated with the flexibility needed to avoid genuine conflicts with First Amendment freedoms. *Compare Paulsen v. Personality Posters, Inc.*, 59 Misc. 2d 444, 299 N.Y.S. 2d 501 (Sup. Ct. 1968) (protecting a Pat Paulsen for President poster as newsworthy), *with Factors I, supra,* 579 F. 2d at 222 (rejecting claim that the In Memory poster was privileged as celebrating a newsworthy event).[6]

The above reasons make the *Factors I* approach the appropriate rule for Tennessee just as for New York, and I am

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5. Indeed, even "fictionalized" uses of public figures' names or lives in commercial books or movies, though not qualifying as biography, may be protected by the First Amendment. See *Hicks, supra; Guglielmi, supra* (Bird, C.J., concurring). I leave the merits of this issue for a case which presents it.

6. In her dissent in *Lugosi,* again reaching a question not addressed by the majority, Chief Judge Bird said:

> ". . .I am sensitive to the fact that enforcement of the right of publicity may conflict with freedom of expression in some cases. However, such a conflict is not presented in this case. Plaintiffs challenged Universal's licensing of Lugosi's likeness in his portrayal of Count Dracula in connection with the sale of such objects as plastic toy pencil sharpeners, soap products, target games, candy dispensers and beverage stirring rods. Such conduct hardly implicates the First Amendment." 603 P. 2d at 449.

satisfied that they would persuade the Tennessee courts, if faced with the issue, to follow the majority rule and hold that Elvis Presley's right of publicity survived his death. Additionally, it would be rational for the Tennessee courts to adopt a policy enhancing the continued growth of Nashville and Memphis as centers for the lives and activities of music industry personalities. The *Factors I* rule obviously promotes this, while the *Memphis Development* rule threatens it.

Having concluded that as a matter of Tennessee common law the right of publicity asserted by Factors in this case should be held to survive Presley's death, I address certain of Pro Arts' other arguments against affirmance, which the majority, because of its decision on deference grounds, does not consider (Maj. op., p. 283 n. 8). Appellees contend (1) that Factors is collaterally estopped by the *Memphis Development* decision from maintaining this suit; (2) that federal copyright law preempts the state law of publicity in this area, and (3) that the apparent nationwide scope of the injunction issued against Pro Arts by the district court is improper. In my view none of these additional points calls for reversal of the judgment below. The first claim is that *Memphis Development*, decided more than four months prior to entry of the judgment appealed from here, created a defensive issue preclusion against Factors because the dispositive issue in that case, as here, is whether under Tennessee law Presley's right of publicity, transferred to Factors, survived his death and this issue was decided by the Sixth Circuit adversely to Factors after a full and fair opportunity for Factors to litigate the issue. With the abandonment of the mutuality of estoppel requirement in New York, *Schwartz v. Public Administrator*, 24 N.Y. 2d 65, 70, 298 N.Y.S. 2d 955, 959, 246 N.E. 2d 725 (1969), and in the federal system, *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S.

313, 91 S. Ct. 1434, 28 L. Ed. 2d 788 (1971), Pro Arts asserts that Factors is bound by the adverse *Memphis Development* ruling and may not relitigate it here.

Under ordinary circumstances, *Memphis Development*, even if erroneously decided, might have a preclusive effect. But application of issue preclusion in a suit against different parties is not automatic; it requires weighing of policy considerations, a process left largely to the district court's discretion, *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331, 99 S. Ct. 645, 651, 58 L. Ed. 2d 552 (1979); Restatement (Second) of Judgments §88 (Tent. Draft No. 2) (in determining whether to invoke collateral estoppel against a litigant the court may take into account "other circumstances [which] make it appropriate that the party be allowed to relitigate the issue"). In this litigation the policies behind collateral estoppel are not served by using the *Memphis Development* decision as a bar.

This is not a case where the plaintiff is simply trying, by switching adversaries and bringing a new suit, to relitigate issues already lost, a course which is to be discouraged because of the needless waste involved in multiple litigation. Indeed, *Memphis Development* is not really a *prior* determination at all. The present case was actually begun first. Both suits then proceeded simultaneously. Further, the present suit was the first and only one brought by the plaintiffs. The Memphis Development Foundation thereafter sued Factors in the Western District of Tennessee for a declaratory judgment. Factors counterclaimed for a preliminary injunction on the basis of our earlier decision. This relief was granted and the injunction was even affirmed by the Sixth Circuit, which changed its mind only after permanent relief had been granted by the district court in Tennessee. Our own circuit having first had jurisdiction over the issues and

having actually adjudicated them for preliminary injunction purposes, the refusal to apply collateral estoppel below in this case cannot be said to permit relitigation. Moreover, the issue here may be seen as one of pure law. Application of any type of collateral estoppel to such an issue is questionable. See *McGrath v. Gold*, 36 N.Y. 2d 406, 369 N.Y.S. 2d 62, 330 N.E. 2d 35 (1975); Restatement (Second) of Judgments §88(1) (Tent. Draft No. 3).

Pro Arts' next contention, that in view of its valid copyright in the In Memory poster the federal copyright statute preempts Factors' state law publicity rights, was fully discussed and rejected by the district court. I agree with Judge Tenney's conclusion that the right protected here is not equivalent to any within the general scope of federal copyright law and so is not preempted by the 1909 Act, as interpreted in *Goldstein v. California*, 412 U.S. 546, 93 S. Ct. 2303, 37 L. Ed. 2d 163 (1973), which controls this case. It would likewise not have been preempted under §301 of the new 1976 Act, 17 U.S.C. §301, if the events had occurred after 1978.

The right of publicity protects an interest which copyright does not. That interest is the individual's ability commercially to maintain and exploit his fame and persona. Copyright merely protects the holder from the taking of specific expressions or arrangements he or she had created. The right of publicity, on the other hand, protects against the unauthorized appropriation of an individual's very persona which would result in unearned commercial gain to another. If this right is not the equivalent of a copyright interest during the person's life (as Pro Arts concedes) it is equally not the equivalent after he has died and it has been devised. Other courts which have considered the preemption argument in this exact context have reached the

same conclusion as that arrived at by the district court here. See *Apigram Publishing Co. v. Factors Etc., Inc.*, Civ. No. C78-525 (N.D. Ohio July 30, 1980); *Lugosi, supra*, 603 P. 2d at 448 (Bird, C.J., dissenting) (issue not reached by majority opinion).

Finally, with certain limits, I would allow the district court's relief to extend nationwide. The issue here on the merits is whether or not Elvis Presley's right of publicity was devisable. Having concluded that it is, I would not fragmentize or qualify it by holding that it is to be recognized only in certain of our 50 states and not in others, depending on the local rule of the state. *Cf. Goldstein, supra*, 412 U.S. at 558, 93 S. Ct. at 2310. To do so would be to promote multiple litigation, the very evil against which estoppel is directed. On the other hand, whether certain acts by a defendant amount to an infringement of that right in a state might depend on the local law of the jurisdiction where the wrong occurred. See, in connection with the tort of unfair competition, *Purcell v. Summers*, 145 F. 2d 979, 989 (4th Cir. 1944); 4 Callman, *Unfair Competition, Trademarks and Monopolies* §93.2 at 424; 1A Pt. 2 *Federal Practice*, Par. 0.311[1-1] at 3170 ("Some state courts will consider the law of each state where the wrong occurred.") I would therefore allow a defendant to show that conduct considered to be infringing in one state would not be so held under the rule of other states. The injunction could then be tailored accordingly. In any event, the practical likelihood of such a problem is not shown.

For the reasons outlined I believe Factors did have a valid and enforceable property right in the commercialization of Presley's persona and would therefore affirm the judgment of the district court granting it relief.

ORDER DENYING REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

At a stated term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse, in the City of New York, on the 13th day of October, one thousand nine hundred and eighty-one.

FACTORS ETC., INC. and BOXCAR ENTERPRISES, INC.,

Plaintiffs-Appellees,

-v-

PRO ARTS, INC. and STOP AND SHOP COMPANIES, INC.,

Defendants-Appellants.

No. 80-7692

Filed October 13, 1981

A petition for rehearing containing a suggestion that the action be reheard in banc having been filed herein by counsel for the plaintiff-appellees, Factors Etc., Inc. and Boxcar Enterprises, Inc.,

Upon consideration by the panel that heard the appeal, it is

ORDERED that said petition for rehearing is DENIED, Judge Mansfield dissenting.

Order

It is further noted that the suggestion for rehearing in banc has been transmitted to the judges of the court in regular active service and to any other judge on the panel that heard the appeal and that no such judge has requested that a vote be taken thereon.

s/ A. Daniel Fusaro
A. Daniel Fusaro
Clerk

by Francis X. Gindhart
Chief Deputy Clerk

OPINION OF THE UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK [496 F. Supp. 1090 (1980)]

FACTORS ETC., INC. and Boxcar Enterprises, Inc., Plaintiffs,

v.

PRO ARTS, INC. and Stop and Shop Companies, Inc., Defendants.

No. 77 Civ. 4704 (CHT)

United States District Court,
S.D. New York.

July 29, 1980.

TENNEY, District Judge.

This action involves the defendants' Pro Art, Inc. ("Pro Arts") and Stop and Shop Companies, Inc. ("Stop and Shop") alleged infringement of the plaintiffs' Factors Etc., Inc. ("Factors") and Boxcar Enterprises, Inc. ("Boxcar") exclusive right to exploit commercially the name and likeness of Elvis Presley. The factual and legal background of this suit has been extensively described in this Court's prior opinion granting plaintiffs' motion for a preliminary injunction, 444 F. Supp. 288 (S.D.N.Y. 1977), and the Second Circuit's decision affirming that opinion and order, 579 F. 2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908, 99 S. Ct. 1215, 59 L. Ed. 2d 455 (1979), and will not be repeated in full here. Relying on these previous decisions, and other documentary evidence submitted to the Court, the plaintiffs have moved for summary judgment seeking a permanent injunction prohibiting the defendants from

marketing Presley memorabilia and an order directing that further proceedings be held to determine damages. The defendants oppose this motion and have cross-moved for an order vacating the preliminary injunction. Upon reviewing the various arguments made by the parties, both orally and in their briefs, the Court concludes that the plaintiffs' motion should be granted. The matter is therefore referred to Magistrate Naomi R. Buchwald for a determination of damages.

Background

On August 18, 1977, two days after Elvis Presley's death, Factors purchased from Boxcar the exclusive license to exploit and merchandise the name and likeness of the well-known entertainer. The following day, Pro Arts published a poster entitled "IN MEMORY" that bore a photograph of Presley and the dates "1935-1977." The photograph had been taken by a staff photographer of the Atlanta Journal and published in the newspaper the day after Presley died. Pro Arts purchased the photograph and immediately applied for a copyright for the poster. Stop and Shop was one of Pro Arts' first customers and sold the poster through its New York stores.

After a series of complaints and legal maneuvers, the plaintiffs sought a preliminary injunction against the defendants to restrain the sale of the poster. In a companion action raising similar legal issues, *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279, 282 (S.D.N.Y. 1977), this Court examined the legal underpinnings of the right claimed by the plaintiffs and concluded that "a recognized property right, the 'right of publicity,' inhered in and was exercised by Elvis Presley in his lifetime, that it was assignable by him and was so assigned, that it survived his death and was capable of further assignment."

Because the plaintiffs had made a clear showing of probable success on the merits and possible irreparable injury resulting from the defendants' actions, *see Sonesta Int'l Hotels Corp. v. Wellington Associates,* 483 F. 2d 247, 250 (2d Cir. 1973), the defendants were enjoined from (1) manufacturing, selling or distributing any more copies of the "IN MEMORY" poster; (2) marketing any other posters, reproductions or copies containing any likeness of Elvis Presley; and (3) utilizing for commercial profit in any manner or form Presley's name or likeness.

The defendants appealed this order to the Second Circuit. As stated by the circuit court:

> On appeal, Pro Arts alleges two errors of law on the part of the trial court. According to Pro Arts, the trial court erred first in concluding that the right of publicity could survive the death of the celebrity. Second, Pro Arts argues that even if the right did so survive, Pro Arts was privileged, as a matter of law, in printing and distributing its "memorial poster" of Presley, because the poster celebrated a newsworthy event.

579 F. 2d at 219.

The court of appeals rejected both arguments. First after discussing other cases involving the "right of publicity," and noting the "dearth of New York case law in this area," the court stated that:

> The State of New York provides a statutory right for the protection of a living person from

commercial exploitation of his name and picture by others without his written consent. This statutory right, also called a "right of privacy," is predicated upon the classic right of privacy's theoretical basis which is to prevent injury to feelings. *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836, 843 (S.D.N.Y. 1975); *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D. 2d 620, 396 N.Y.S. 2d 661 (1977). In *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F. 2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816, 74 S. Ct. 26, 98 L. Ed. 343 (1953), we recognized that the right of publicity exists independent from the statutory right of privacy and that it can be validly transferred by its owner . . .

There can be no doubt that Elvis Presley assigned to Boxcar a valid property right, the exclusive authority to print, publish and distribute his name and likeness. In so doing, he carved out a separate intangible property right for himself, the right to a certain percentage of the royalties which would be realized by Boxcar upon exploitation of Presley's likeness and name. The identification of this exclusive right belonging to Boxcar as a transferable property right compels the conclusion that the right survives Presley's death. The death of Presley, who was merely the beneficiary of an income interest in Boxcar's exclusive right, should not in itself extinguish Boxcar's property right. Instead, the income interest, continually produced from

> Boxcar's exclusive right of commercial exploitation, should inure to Presley's estate at death like any other intangible property right. To hold that the right did not survive Presley's death, would be to grant competitors of Factors, such as Pro Arts, a windfall in the form of profits from the use of Presley's name and likeness. At the same time, the exclusive right purchased by Factors and the financial benefits accruing to the celebrity's heirs would be rendered virtually worthless.

579 F. 2d at 220-21 (original emphasis and footnote omitted). Secondly, the court of appeals held that Pro Arts' poster was not privileged under the First Amendment as celebrating a newsworthy event. *Id.* at 222.

Summary Judgment

Although the plaintiffs prevailed on their initial motion for a preliminary injunction, the Second Circuit's affirmance of this Court's order does not constitute a final adjudication on the merits of their claim. *See Diversified Mortgage Investors v. U.S. Life Title Ins. Co.*, 544 F. 2d 571, 576 (2d Cir. 1976). A decision granting a preliminary injunction does not conclusively determine all factual issues or legal questions raised in the litigation. *Male v. Crossroads Assoc.*, 337 F. Supp. 1190, 1194 (S.D.N.Y. 1971), *aff'd*, 469 F. 2d 616 (2d Cir. 1972). Accordingly, in moving for summary judgment, these plaintiffs must demonstrate that there is no "genuine issue for trial." Fed. R. Civ. P. 56(e). When a motion for summary judgment is supported by the requisite documents, the opposing party must

set forth "concrete particulars" and cannot rest upon "conclusory allegations or denials." *SEC v. Research Automation Corp.*, 585 F. 2d 31, 33 (2d Cir. 1978). "[E]ven in suits for injunctive relief, the district courts should not hesitate to grant a plaintiff's request for summary judgment when the defendant has failed to meet the requirements prescribed by Rule 56(e)." *Id.* at 34.

In opposing the plaintiffs' motion for summary judgment, the defendants rely on the Sixth Circuit's recent opinion in *Memphis Development Foundation v. Factors Etc., Inc.*, 616 F. 2d 956 (6th Cir. 1980) (panel decision, rehearing en banc denied) (hereinafter *Memphis Development*), and on what they describe as "three affirmative defenses which have yet to be conclusively litigated in this matter." Defendants' Memorandum in Opposition to Motion for Summary Judgment ("Defendants' Memorandum") at 3. Each of these issues will be discussed in turn. The Court concludes that its initial legal rulings should remain undisturbed and that no genuine factual issues have been raised.

The Memphis Development Case

Reversing a decision by the District Court for the Western District of Tennessee, 441 F. Supp. 1323 (W.D. Tenn. 1977), the Sixth Circuit held that the exclusive right to publicity does not survive a celebrity's death; the right is not inheritable and after death the opportunity for gain shifts to the public domain. The action arose from the Memphis Development Foundation's plan to erect a large bronze statue of Elvis Presley in downtown Memphis. The Foundation solicited public contributions to pay for the sculpture, and donors who gave $25.00 or more received an eight-inch pewter replica of the statue. Factors challenged this

action on the grounds that the Foundation was selling the statues and thus infringing Factor's exclusive right to reap commercial value from Presley's name and likeness. As stated by the Sixth Circuit, it was "called upon in this diversity case to determine whether, under *Tennessee law*, the exclusive right to publicity survives a celebrity's death." 616 F.2d at 957 (emphasis added). The court noted, however, that Tennessee courts had not addressed the issue and it had no way to discern their "predisposition." Accordingly, the court attempted to resolve the issue in light of "practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral presuppositions concerning death, privacy, inheritability and economic opportunity." *Id.* at 958. The Sixth Circuit's treatment of the Second Circuit's opinion in the instant action, and other cases cited therein, consisted of a footnote acknowledging that a few recent cases have characterized the right of publicity as property that could be passed on to heirs or assigns.[1]

The defendants argue that this Court should now reverse its initial view of the law, affirmed by the Second Circuit, and adopt the position espoused by the Sixth Circuit. According to the defendants, the two cases on which the Second Circuit primarily relied in affirming this Court's order — the district court opinion in *Memphis Development* and *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836 (S.D.N.Y. 1975) — "are no longer entitled to be given any weight" in determining the

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1. The district court decision in *Memphis Development* had previously been affirmed, without an opinion, by the Sixth Circuit. 578 F. 2d 1381 (6th Cir. 1978). This prior affirmance is not addressed in the subsequent panel opinion. A request for a rehearing or a rehearing en banc was denied about seven weeks after the panel decision was issued. *See* 616 F. 2d at 956.

summary judgment motion. *Price* involved a dispute over the ownership of the commercial right to use the names and likenesses of Stanley Laurel and Oliver Hardy following the deaths of the famous comedians. While the plaintiffs did not dispute the defendants' right to distribute copyrighted Laurel and Hardy movies or single frames, they did claim an exclusive right for other commercial purposes. The district court held that the deaths of the actors did not extinguish the right of publicity assigned to the grantee. The defendants contend that *Price* is not only distinguishable from the instant action because the copyrighted materials were not challenged, but that its authority is further undermined because the *Price* court relied on the lower court opinion in *Lugosi v. Universal Pictures Co.*, which was recently reversed by the California Supreme Court, 25 Cal. 3d 813, 603 P. 2d 425, 160 Cal. Rptr. 323 (1979). The defendants thus assert that "this Court is virtually the only Court in this country which has recognized survival of the 'right to publicity' after death of the celebrity." Defendants' Memorandum at 5.

The defendants' sweeping assertion regarding the state of the law across the United States is both unfounded and unpersuasive. Indeed, the Second Circuit's opinion in this action specifically referred to decisions rendered by other courts that supported its decision. *See, e.g., Lombardo v. Doyle, Dane & Bernbach,* 58 A.D. 2d 620, 396 N.Y.S. 2d 661 (2d Dep't 1977). Nor did the *Price* court rely solely on the decision of the California appellate court, and the *Lugosi* decision is distinguishable, in part, from the case at bar. Even if this Court's decision is contrary to the conclusions reached by the Sixth Circuit and the California Supreme Court, *see Guglielmi v. Spelling—Goldberg Productions,* 25 Cal. 3d 860, 603 P. 2d 454, 160 Cal. Rptr. 352 (1979), it conforms to the view firmly stated by the Second Circuit and rests upon a careful consideration of

relevant cases and competing policy concerns. *See generally* Felcher & Rubin, The Descendibility of the Right of Publicity: Is There Commercial Life After Death?, 89 Yale L.J. 1125, 1129-32 (1980); Felcher & Rubin, Privacy, Publicity, and the Portrayal of Real People by the Media, 88 Yale L.J. 1577, 1618-22 (1979); Note, The Right of Publicity-Protection for Public Figures and Celebrities, 42 Brooklyn L. Rev. 527, 541-49 (1976); Comment, Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild, 22 U.C.L.A. L. Rev. 1103 (1975). The Court therefore adheres to its initial determination that, in the word of the Second Circuit, "Factors possesses the exclusive right to print and distribute Elvis Presley memorabilia, a right which was validly transferred to it from Boxcar following Presley's death." 579 F. 2d at 222.

The Copyright Claim

The defendants claim that the plaintiffs' "right of publicity" is contrary to and preempted by the federal copyright laws enacted pursuant to Article I, Section 8, of the Constitution. As set out in their brief, defendants' copyright claim rests on three not entirely consistent propositions. First, defendants allege that the photograph of Presley portrayed in the poster was placed in the public domain by newspaper publication and could therefore be copied and sold by anyone. Second, defendants contend that they have a valid copyright in the "IN MEMORY . . 1935-1977" Poster. Finally, they argue that "[t]he copyright of the poster, like the public domain status of the photograph, preempt [sic] any conflicting state law rights of the plaintiffs." Defendants' Memorandum at 21.

The plaintiffs, in turn, respond that the defendants are foreclosed from relitigating their copyright claim because it was

rejected "*sub silentio*" by the Second Circuit decision on the preliminary injunction. The plaintiffs cite the defendants' appellate reply brief, which stated that the "principal issue on appeal is whether the Court below erred when it enjoined defendants from printing the likeness of a deceased entertainer in a poster print in which the defendants own the copyright." However, the Second Circuit did not directly address the copyright question. The portion of the court of appeals opinion quoted above reveals that the court focused on two main issues raised by the defendants: whether the right of publicity could survive death and whether Pro Arts had a First Amendment privilege to distribute the poster. *See* 579 F. 2d at 219. While the Second Circuit was undoubtedly aware of the defendants' copyright claim, *see id.* at 217, this Court cannot view the court of appeals decision as conclusively resolving that question. Furthermore, as noted above, a judgment on a preliminary injunction motion does not constitute a final adjudication of all the issues raised in the case.

The plaintiffs also contend that the defendants have not presented any facts demonstrating that Pro Arts possesses a valid copyright in the Presley poster or photograph. The Court agrees that the evidence submitted by the defendants *in response to this summary judgment motion* is sorely deficient. Neither the defendants' Rule 9(g) Statement, nor the affidavits and briefs received in opposition to this motion, offers any concrete proof regarding the copyright. Furthermore, the defendants' alternative argument that the photograph could have been copied and sold by anyone because it was in the public domain and thus not "copyrightable," Defendants' Memorandum at 16-19, implies that Pro Arts does not or could not obtain a copyright. The Court does, however, recognize defendant Pro Arts' claim to a copyright on the basis of documents previously

submitted to this Court on a 1977 motion to dismiss the plaintiffs' preliminary injunction suit or transfer it to the Northern District of Ohio. In arguing for transfer, the defendants cited an action pending in Ohio in which Pro Arts had sued Factors on a variety of claims. The complaint in that action was attached to the defendants' motion papers. Exhibit 9 to that complaint, also referred to as the moving defendants' Exhibit 2, is a Certificate of Registration of a Claim to Copyright, Registration Number K125341, for a work entitled "IN MEMORY." The date of publication given is August 19, 1977, and the application was received by the Copyright Office on August 30, 1977. This document is sufficient to establish Pro Arts' possession of a copyright in the poster.

Section 209 of the Copyright Act of 1909 ("1909 Act"), 17 U.S.C. §§1 *et seq.*, revised, Act of October 19, 1976, Pub. L. 94-553, 90 Stat. 2598, codified at 17 U.S.C. §§101 *et seq.*, which governs this pre-1978 publication and distribution, *see* 17 U.S.C. §301(a), (b)(2), provided that a registration certificate created a prima facie presumption as to all the facts stated therein. In construing this provision, many courts anticipated the principle expressly incorporated in section 410(c) of the Copyright Act of 1976 ("1976 Act"), 17 U.S.C. §§101 *et seq.*, and ruled that the certificate was prima facie evidence not just of the facts stated but of the validity of the copyright itself. *See* Nimmer on Copyright ("Nimmer") §12.-11[B] at 12-71 & n. 21 (1978) and cases cited therein. Other courts, however, held that because the certificate did not include facts regarding the type of copyright notice provided on the published work, it could not constitute prima facie evidence that the copyright claimant had fully complied with the statutory notice requirements. *See id.* at 12-72 & n. 22 and cases cited therein. In this case, the work at issue speaks for itself, for the "IN MEMORY" poster bore the Pro

Arts name and the date. *See* Exhibit B to Affidavit of Walter Rohner in Support of Motion for Preliminary Injunction, sworn to September 23, 1977. These additions satisfied the notice requirements of the Copyright Act. *See* Nimmer §7.09[A] at 7-43. The plaintiffs have not challenged the copyright on the traditional grounds that the work was in the public domain or lacked sufficient originality. *See generally* Nimmer §2.01 at 2-5, §2.03[G] at 2-37, §2.08[E] at 2-109. Nor do they contest Pro Arts' assertion that it purchased the copyright to the photograph from Skinner.

The defendants' public domain argument, which is patently inconsistent with their copyright claim, rests on their assertions that the Presley photograph was placed in the public domain when it was published in the Atlanta Journal and that "[w]hen federal law would deny a copyright, states may not restrict the article's sale." Defendants' Memorandum at 17. The Court need not, however, decide whether general publication of the *photograph* entitled the defendants, or anyone else, to market a blown-up color copy incorporated in a poster with an original title and dates. Essentially, the public domain defense raises the same issue that the Court must now address having concluded that Pro Arts secured a copyright to the Presley poster: whether federal copyright law preempts the plaintiffs' common law right of publicity. The Court now turns to that inquiry.

The defendants' preemption argument relies in part on section 301 of the 1976 Act which provides:

> On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright. . . are governed exclusively by this

> title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law of statutes of any State.

As the plaintiffs point out, however, this provision is not directly applicable to the instant action. Subsection (b)(2) of this provision specifically states that nothing in the Act "annuls or limits any rights or remedies under the common law or statutes of any State with respect to . . . any cause of action arising from undertakings commenced before January 1, 1978." This action clearly preceded the effective date of section 301. The suit was commenced in September 1977 and arose from events that occurred the previous month. Accordingly, Factors' right to publicity could not be preempted pursuant to section 301, even if this right were deemed to be "equivalent to any of the exclusive rights within the general scope of copyright."

The defendants concede that section 301 may not expressly apply to this action but contend that the provision clearly indicates Congress's intent to "occupy the field" in which the plaintiffs' claimed right falls. Transcript of June 19, 1980 Hearing ("Tr.") at 25. The Court disagrees. Subsection (b)(3) provides that the Act does not limit or annul state rights or remedies with respect to "activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106." The original draft of this provision delineated several examples of rights that were specifically not equivalent to the general scope of copyright: "breaches of contract, breaches of trust, *invasion of privacy,* defamation, and deceptive trade practices such as passing off and false representation." H.R. 4347, 89th Cong., 2d Sess. (1966) (emphasis added). Congress's intent to preserve the common law right of publicity, a branch of the right to privacy, is expressly stated in the House Report.

> The examples in clause (3), while not exhaustive, are intended to illustrate rights and remedies that are different in nature from the rights comprised in a copyright and that may continue to be protected under State common law or statute. The evolving common law rights of "privacy," "*publicity*" and trade secrets, and the general laws of defamation and fraud, would remain unaffected as long as the causes of action contain elements such as an invasion of personal rights or a breach of trust or confidentiality, that are different in kind from copyright infringement. Nothing in the bill derogates from the rights of parties to contract with each other and to sue for breaches of contract; however, to the extent that the unfair competition concept known as "interference with contract relations" is merely the equivalent of copyright protection, it would be preempted.

H.R. Rep. No. 94-1476, 94th Cong., 2d Sess., at 132 reprinted in [1976] U.S. Code Cong. & Admin. News, pp. 5659, 5748 (hereinafter "House Report") (emphasis added); *see* Nimmer §1.01[B] at 1-12, 1-13 & n. 49. Prior to final action by the House of Representatives, three additional examples of rights not equivalent to copyright privileges were added to the original bill: misappropriation, trespass, and conversion. S. 22, 94th Cong., 2d Sess. (1976). Subsequently, all the examples listed in subsection 301(b)(3) were deleted. This deletion constituted a rather hasty response to concerns expressed by the Justice Department over the inclusion of the common law right against misappropriation. *See* Nimmer §1.01[B] at 1-13, 1-14. The

House debate on the issue, which is somewhat confusing, indicates that the legislators were concerned primarily with the potential problems raised by the addition of misappropriation. *See* 122 Cong. Rec. H10910 (Sept. 22, 1976). Accordingly, commentators in this area have agreed that the original examples of common law rights now equivalent to copyright, including the right to privacy, should be regarded as non-preempted rights. *See, e.g.*, Nimmer §1.01[B] at 1-13; Goldstein, Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright, 24 U.C.L.A. L. Rev. 1107, 1117-18 (1977); Gorman, An Overview of the Copyright Act of 1976, 126 U. Pa. L. Rev. 856, 866-67 (1978). Furthermore, while the majority opinion of the California Supreme Court in *Lugosi v. Universal Pictures Co., supra*, did not address the preemption issue, Chief Justice Bird's dissent indicated that congressional action had not preempted the recognition of the common law right of publicity. 25 Cal. 3d at 847-848, 603 P. 2d at 446-47, 160 Cal. Rptr. at 344-45. The Court agrees with this view and concludes that the 1976 Act was not intended to preempt the right of publicity recognized in this action.

The relationship between state laws and the federal patent and copyright laws was examined in several Supreme Court decisions that preceded enactment of the 1976 Act. In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 84 S. Ct. 784, 11 L. Ed. 2d 661 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S. Ct. 779, 11 L. Ed. 2d 669 (1964), the Court held that a state's unfair competition law cannot prohibit the copying of an article that is not entitled to protection under federal patent law. Because the unfair competition laws gave "protection of a kind that clashes with the objectives of the federal patent laws," they could not survive a challenge on

preemption grounds. 376 U.S. at 231, 84 S. Ct. at 789. According to the Court, "[t]o allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public." *Id.* at 231-32, 84 S. Ct. at 789.

Two subsequent Supreme Court cases refined and elucidated the approach adopted in *Sears* and *Compco*. Federal patent law was held not to preempt a state's trade secret law in *Kewanne Oil Co. v. Bicron Corp.*, 416 U.S. 470, 94 S. Ct. 1879, 40 L. Ed. 2d 315 (1974). The Court examined the objectives of both the patent and trade secret laws and concluded that the two were not inconsistent. While the trade secret law protected items that would not be considered patentable (*i.e.*, discoveries or customers lists), the Court held that Congress had "left the area unattended" with respect to such nonpatentable subject matter. *Id.* at 483, 94 S. Ct. at 1887, *quoting Goldstein v. California*, 412 U.S. 546, 570, 93 S. Ct. 2303, 2316, 37 L. Ed. 2d 163 (1973). The existence of another "form of incentive to invention" was deemed not to disturb the patent policy of encouraging the creation of new products and processes. 416 U.S. at 484, 94 S. Ct. at 1887. Additionally, the Court stated that the "patent policy of disclosure" did not conflict with the extension of trade secret protection to clearly patentable inventions. *Id.* at 491, 94 S. Ct. at 1890. The Court thus concluded that "[u]ntil Congress takes affirmative action to the contrary, States should be free to grant protection to trade secrets." *Id.* at 493, 94 S. Ct. at 1892.

This same approach was employed by the Court in *Goldstein v. California, supra,* which rejected a preemption challenge to a state criminal statute that prohibited the unauthorized

duplication of musical recordings. In resolving the issue, the Court first concluded that the Constitution does not preclude states from granting copyrights and does not vest such authority exclusively in the federal government. 412 U.S. at 560, 93 S. Ct. at 2311. In determining whether this particular statute was void under the Supremacy Clause, the Court sought to ascertain whether the law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Id.* at 561, 93 S. Ct. at 2312, *quoting Hines v. Davidowitz*, 312 U.S. 52, 67, 61 S. Ct. 399, 404, 85 L. Ed. 581 (1941). Upon examining the status of musical recordings under the 1909 Act and predecessor statutes, the Court concluded that Congress did not intend recordings "as renderings of original artistic performance, to be free from state control." 412 U.S. at 566, 93 S. Ct. at 2314. Congress had not "so occupied the field of copyright protection as to pre-empt all comparable state action." *Id.* at 567, 93 S. Ct. at 2315. Reaffirming its holdings in *Sears* and *Compco*, the Court stated:

> In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby

> necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal laws arises in the case of recordings of musical performances. In regard to this category of "Writings," Congress has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act.

Id. at 569-70, 93 S. Ct. at 2316 (footnote omitted).

The Court directly addressed the question whether the exercise of the power to grant copyrights by some states will prejudice the interests of other states. In the Court's view, a state-created copyright is effective only within the borders of that state. Therefore, if one state grants such protection, the interests of other states are not prejudiced because their citizens are free to copy within their borders what may be protected elsewhere. The Court recognized that the interests of a state that grants copyright protection may be adversely affected by other states that do not, because an individual could go to another state to buy unauthorized copies of a work protected in his home state. Yet this conflict was considered neither so inevitable nor so severe as to demand exclusive federal control of copyright privileges. Similarly, the Court determined that the concurrent exercise of the authority to grant copyright-like protection would not necessarily create conflict. As stated by the Court, "where Congress determines that neither federal protection nor freedom from restraint is required by the national interest, it is at liberty to stay its hand entirely." *Id.* at 559, 93 S. Ct. at 2311.

Adopting the analysis employed in *Kewanee* and *Goldstein*, this Court has sought to determine whether Congress has taken "affirmative action contrary" to the common law right of publicity or decided that "federal protection or freedom from restraint is required by the national interest." The preceding discussion of Congress's intent in enacting the 1976 Act indicates that just the opposite is true — Congress fully intended to preserve state law protecting the right of publicity. While the 1976 Act does not directly govern the instant action, *see* 17 U.S.C. §301(b)(2), it does evidence congressional intent not to preempt this state law right.

Professor Nimmer, an eminent expert on copyright law, has observed that the scope of preemption under section 301 of the 1976 Act is comparable to that under the 1909 Act as interpreted by *Goldstein*. Nimmer §1.01[B] at 1-7 n. 22. In his view, "it seems likely that Section 301 merely codified *Goldstein*," with respect to works published before January 1, 1978, the effective date of the 1976 Act. *Id.* Under this interpretation, the 1976 Act's preemption provision could be applied to pre-1978 publications that allegedly violate a state law right. Section 301 provides that the federal copyright law preempts "all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106. . . ." However, determining whether a state right is "equivalent" to copyright is not always an easy chore. According to Professor Nimmer, if the act of reproduction, performance, distribution or display will in itself infringe the state-created right, then such right is preempted. *Id.* at 1-11. If other elements are required to constitute a state-created cause of action, then the right is not within the "general scope of copyright" and is not preempted. *Id.* As described above, the original draft of section 301 included examples of non-preempted state law rights, such

as breach of contract, breach of trust, invasion of privacy, and defamation. Professor Nimmer has noted that in each example elements other than, or in addition to, the acts of reproduction, performance, distribution, or display are necessary to establish a state cause of action for an infringement of the right. *Id.* at 1-12. Stating that Congress considered the right of publicity "to be immune from preemption," Professor Nimmer asserts that "[i]nvasion of privacy and defamation may sometimes occur by acts of reproduction, distribution, performance or display, but the essence of those torts does not lie in such acts." *Id.* at 1-13 & n. 49.

While the descendible right of publicity recognized in this action may be infringed by reproduction, distribution, or display, a cause of action for infringement cannot be asserted unless the assignee of the right demonstrates that the "celebrity" commercially exploited his name and likeness during his lifetime. *See Factors Etc., Inc. v. Pro Arts, Inc., supra,* 579 F. 2d at 221-22; *Factors Etc., Inc. v. Creative Card Co., supra,* 444 F. Supp. at 283-84. In contrast to a copyright suit, the product at issue is a "persona" that has already been profitably marketed. *See Factors Etc., Inc. v. Creative Card Co., supra,* 444 F. Supp. at 283. As stated by the Second Circuit, the exploitation of a celebrity's name and image during his lifetime creates a "separate intangible property right." *Factors Etc., Inc. v. Pro Arts, Inc., supra,* 579 F. 2d at 221. This right is not "equivalent" to a copyright, and an action for its infringement requires elements distinct from a copyright violation suit.

In *Zacchini v. Scripps-Howard Broadcasting Co.,* 433 U.S. 562, 97 S. Ct. 2849, 53 L. Ed. 2d 965 (1977), the Supreme Court recognized that the right of publicity was consistent and could co-exist with federal copyright law. The defendant in *Zacchini*

had broadcast the plaintiff's entire fifteen-second human cannonball act and claimed the First Amendment privilege to report newsworthy events when sued for violating the plaintiff's right of publicity. The Ohio Supreme Court upheld the First Amendment claim, relying on *Time, Inc. v. Hill*, 385 U.S. 374, 87 S. Ct. 534, 17 L. Ed. 2d 456 (1967), which rejected a right of privacy challenge against a magazine that had reported on a matter within the "public interest." The Supreme Court reversed, noting that *Time, Inc. v. Hill* "involved an entirely different tort from the 'right of publicity.'" 433 U.S. at 571, 97 S. Ct. at 2855. The Court observed that the state's interest in recognizing a right of publicity lay in protecting the performer's proprietary interest in his act and in encouraging such entertainment. This interest was described as "closely analogous to the goals of patent and copyright law." *Id.* at 573, 97 S. Ct. at 2856. Reiterating this point, the Court later asserted that the state law right of publicity "provides an economic incentive for [the performer] to make the investment required to produce a performance of interest to the public." *Id.* at 576, 97 S. Ct. at 2858. This same consideration, said the Court, underlies the federal patent and copyright laws. Citing *Goldstein* and *Kewanee*, the Court thus concluded that "[t]he Constitution does not prevent Ohio from making a similar choice here in deciding to protect the entertainer's incentive in order to encourage the production of this type of work." *Id.* at 577 & n. 18, 97 S. Ct. at 2858 & n. 18.

In light of the Congressional intent reflected in the legislative history of the 1976 Act, Supreme Court decisions discussing the interplay between state-created rights and federal copyright or patent law and the distinctions between the right of publicity and copyright, this Court concludes that the plaintiffs' right of publicity is neither contrary to nor preempted by federal law. This right covers an "area unattended" by federal law and is

not equivalent to the general scope of copyright law. The plaintiffs' prior right to exploit the Presley name and image cannot be defeated by the defendants' attempt to copyright individual items. Nor is the defendants' allegation that the photograph was in the public domain an adequate defense to the plaintiffs' infringement action. The right of exploitation had *previously been established and exercised* and could not be thwarted by the use of a published photograph. The right of publicity, firmly supported by the Supreme Court and the Second Circuit, would be severely undermined if it could be so easily circumvented by using a photograph or representation allegedly copyrighted or within the public domain.

The "Right of First Refusal" Claim

The defendants' second so-called affirmative defense is that the publication and sale of the Presley poster was authorized by a contractual right of first refusal that Factors had granted Pro Arts with respect to all posters that Factors had the exclusive right to distribute. While the Court rejects the plaintiffs' assertion that this defense has been waived, it finds the defendants' claim meritless.

In March 1977, Pro Arts and Factors entered into an agreement concerning the production and sale of posters and "iron-on transfers" depicting various celebrities. Exhibit H to Deposition of Michael P. Trikilis, taken on March 3, 1978 ("M. Trikilis Dep."). The first paragraph states that "Pro Arts grants to Factors the exclusive distributorship of iron-on transfers depicting . . . Farrah Fawcett, including the use of her name thereon, and the use of the copyright therefor, for a period of one year . . . ." The second paragraph delineates the terms under which Pro Arts has the exclusive right to sell iron-on transfers

made by Factors. Paragraph six grants Factors the right to sell posters with Pro Arts copyright, including but not limited to the Farrah Fawcett poster. Other paragraphs described terms regarding payment, royalties, records, and shipment of orders. The final paragraph in the agreement, number thirteen states:

> Pro Arts also grants to Factors the first refusal to the exclusive distributorship for any other actors for whom *Factors* has the right to produce posters and iron-on transfers.

(Emphasis added.)

The plaintiffs contend that the emphasized term is a typographical error and should read "Pro Arts." The parties intended Factors to have a right of first refusal to Pro Arts' property and did not intend to create reciprocal rights. As written, the paragraph is inherently confusing because Pro Arts could not grant Factors the right of first refusal to distribute posters and transfers that Factors already had the right to produce.

The defendants agree that the provision is ambiguous but the agreement ends there. In the defendants' view, the ambiguity should be resolved by reversing the placement of the names "Pro Arts" and "Factors" in the first line. They point out that the agreement was drafted by Factors' counsel and that it included other errors on the face of the document. The defendants contend that the contract, as well as past practice and understandings between the parties, establishes that Pro Arts had a "right of first refusal for exclusive rights to distribute all posters and iron-ons that Factors had a right to distribute."

Affidavit of Theodore N. Trikilis, sworn to March 5, 1980 ("Trikilis Aff.") at 7.

Paragraph thirteen was destined to create trouble between the parties because it was poorly drafted and is confusing on its face. The plain language of the provision does not grant Pro Arts any rights regarding property acquired by Factors. In his deposition testimony in an Ohio action between these parties, Harry Geissler, who signed the agreement on behalf of Factors, stated that paragraph thirteen contained a typographical error and that Pro Arts was aware of the mistake. According to Geissler, "I had no reason in the world to give [Pro Arts] the rights to anything because I had nothing, and we had no intentions, at that time, of going to buy things because we had everything we could do to control what we did." Deposition of Harry L. Geissler, taken on May 8, 1979 ("Geissler Dep.") at 97. While Geissler stated that Factors subsequently offered Pro Arts the rights to produce posters it had acquired, *id.* at 99, he did not characterize this arrangement as a contractual right of first refusal.

The deposition testimony of Pro Arts' vice-president Theodore N. Trikilis, also taken in the Ohio action, presents quite a different view. Trikilis maintained that the contract provided Pro Arts with a right of first refusal for properties acquired by Factors. Deposition of Theodore N. Trikilis, taken on June 26 & 27, 1979 ("Trikilis Dep.") at 175, 219-22, 231-34. After a fairly extensive discussion of the infamous paragraph thirteen, the following colloquy ensued:

> Q. Prior to Pro Arts manufacturing, marketing and selling its Elvis Presley poster, did Pro Arts or you or anyone at Pro Arts contact

anyone at Factors with respect to Elvis Presley? A. I think that we had already secured the rights, prior to Factors having any alleged rights in their Elvis Presley license, to a photograph from the front page of the Atlanta Journal under which the copyright was owned by the photographer.

Q. Bud Skinner? A. Bud Skinner. And we purchased those rights directly from Bud Skinner, all rights to the copyright and to the right to produce the photo as a photojournalistic approach to the — announcing the news of Presley's death.

Q. All right, Did— A. Now wait a minute. Factors had not had a contract with Presley dated prior to our buying the copyright and buying the photo from Bud Skinner.

Q. I am not making an argument. I am simply asking a question. A. So, no, we did not, because Factors did not have those rights to give us.

Q. All right. So you did not contact Factors with respect to the Elvis Presley poster prior to your coming out on the market with it, correct? A. There was no need to.

Q. But you did not, correct? A. Well, no, because they did not have the rights.

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Q. And in fact the first contact you had with Factors with respect to your Elvis Presley poster was a cease and desist letter received by Factors on the Elvis Presley poster, correct? A. I would assume that was either a letter or telegram.

Q. A telegram; okay. A. I'm just saying I don't know the exact date on it.

Q. Okay. You did not negotiate with Factors with respect to your Elvis Presely [sic] poster, in terms of a license of anything to that effect, did you? A. On Elvis Presley we did not feel that a license was necessary.

Q. And that of course is still your position? A. That is definitely our position. It was an infringement of our freedom of speech.

Q. In other words, one of your contentions in the other lawsuit [referring to this action] would be that you would have the right to produce, market and sell your Elvis Presley poster without any reference to Factors or any license from or relationship with Factors, correct? A. Correct, and — yes, I would say that's very correct.

Q. And in fact Pro Arts is at present challenging Factors' right to the exclusive production, manufacture and distribution of items and merchandise with Elvis Presley's name and image on it, correct? A. That's not correct.

> We are challenging Factors' right to restrain a newsworthy photograph of Elvis Presley utilized by the Atlanta Journal on the day of Presley's death that was later taken and disseminated to the rest of the United States. That photograph was a copyright owned and purchased by Pro Arts fully and totally. And that that photograph as a copyright remained part of our corporate copyright, and that that photograph belonged to Pro Arts entirely, and that we had the rights under freedom of speech and under freedom of the press to distribute that poster under the Constitution of the United States.

Id. at 239-42.

The Court agrees with the defendants' assertion that the testimony quoted above does not constitute a waiver of a defense based on an alleged first right of refusal. However, Trikilis's statements do indicate that Pro Arts did not rely on any purported contractual rights when it published and distributed the Presley poster. Indeed, Factors did not acquire the right to commercially exploit the Presley name and likeness until August 18, 1977, which was just one day before Pro Arts first published the "IN MEMORY" poster. It appears, therefore, that Pro Arts did not even know about the rights acquired by Factors at the time that Pro Arts commenced publication. On August 24, 1977, Pro Arts notifed Boxcar, not Factors, that it intended to distribute the poster. Exhibit E to M. Trikilis Dep. (Letter from Raymond Scott, attorney for Pro Arts, to Mr. C. Beverly Briley, Boxcar's counsel). Even if paragraph thirteen of the Pro Arts/Factors Agreement could be construed as creating a reciprocal right of refusal — a construction the Court does not

favor — it is clear that no such right was exercised regarding the Presley poster.

Trikilis has submitted an affidavit to the Court that attempts to explain and elaborate upon his above-quoted deposition testimony in the Ohio action. He contends that the conflicts between his present assertions and the plaintiffs' allegations create genuine factual issues precluding summary judgment. The Court disagrees. Triable issues of fact cannot be conjured up merely by submitting an affidavit that attempts to retract or modify prior sworn testimony. *See SEC v. Research Automation Corp., supra,* 585 F. 2d at 34; *Perma Research and Development Co. v. Singer Co.,* 410 F. 2d 572, 578 (2d Cir. 1969); *Price v. Worldvision Enterprises, Inc.,* 455 F. Supp. 252, 264-66 (S.D.N.Y.), *aff'd,* 603 F. 2d 214 (2d Cir. 1979). Furthermore, Trikilis's contention that he and Pro Arts consistently maintained that reciprocal rights of first refusal were established by the contract does not affect the Court's conclusion that no such right, if it existed, was exercised or relied upon in this case. No evidence has been submitted demonstrating Pro Arts' invocation of its alleged contractual right. The conduct of the parties and the sequence of events giving rise to this action compels the contrary conclusion. Accordingly, the Court finds that the defendants' purported right of first refusal is not a defense to the plaintiffs' infringement action.

The "First Amendment" Defense

The defendants' final argument is that the publication of the poster is protected by the First Amendment because it commemorated a newsworthy event. Mindful that a decision on a preliminary injunction does not conclusively determine all the

issues in a case, the Court concludes that its prior decision, and the Second Circuit's affirmance of that ruling, have fully addressed and rejected the defendants' constitutional claim.

In opposing this motion for summary judgment, the defendants have raised no new factual or legal issues pertaining to their First Amendment defense. Upon reconsidering the arguments made in the first round of this litigation, the Court adheres to its initial position that "[t]here is no constitutional protection for selling posters of Elvis Presley as Elvis Presley." 444 F. Supp. at 285. This view was unequivocally affirmed by the Second Circuit which stated "that Pro Arts' poster of Presley was not privileged as celebrating a newsworthy event." 579 F. 2d at 222. While the right of publicity may have to yield to the First Amendment under certain circumstances, no constitutional privilege exists on the facts of this case. *See Zacchini v. Scripps-Howard Broadcasting Co., supra,* 433 U.S. at 578-79, 97 S. Ct. at 2859.

Cross-Motion for Vacation of Preliminary Injunction

More than two years after the issuance of a preliminary injunction, the defendants have moved to vacate that order on the grounds that (1) the Court abused its discretion by failing to order a full evidentiary hearing prior to granting the plaintiffs' preliminary injunction motion; (2) the Court erred in ordering that the deposition of Colonel Tom Parker, taken in connection with a different action, be incorporated in the record; and (3) the injunction is overly broad and conflicts with federal copyright law. For the reasons given briefly below, the Court rejects each of these arguments.

The plaintiffs point out that the defendants raised their first two contentions before the Second Circuit and should thus be foreclosed from relitigating these points. Even apart from the question of preclusion, the Court concludes that the motion has not been made "within a reasonable time" as required by Federal Rule of Civil Procedure ("Rule") 60(b). Finally, the defendants' arguments are without merit.

A trial court has broad discretion in determining whether to hold a full evidentiary hearing on a preliminary injunction motion. *See Redac Project 6426, Inc. v. Allstate Insurance Co.*, 402 F. 2d 789, 790 (2d Cir. 1968). In the case at bar, the defendants were granted additional time to submit affidavits and memoranda after the Court issued a temporary restraining order against them in a companion action. *See* Transcript of October 5, 1977 Hearing at 8, 10, 11. While the defendants filed additional papers concerning procedural issues, no further discovery was conducted and no attempt was made to controvert the facts pertinent to the merits of the preliminary injunction motion. Thus, on appeal, the Second Circuit stated that "the facts are not in dispute." 579 F. 2d at 216. In short, an evidentiary hearing was not required and the injunction cannot be challenged on that ground.

The defendants contend that the inclusion of Colonel Parker's deposition in the record on appeal was prejudicial and violated Federal Rule of Evidence 804. The defendants, however, have failed to establish how they were prejudiced by this testimony. While it is true that the defendants were not directly represented at the deposition, the Court rejects their assertion that the testimony was never made available to them. To reiterate, the Second Circuit found that the facts were undisputed and defendants had ample opportunity to press this

claim before the court of appeals. Finally, even if Colonel Parker's testimony constituted hearsay evidence, Rule 65(a) permits the use of evidence that would not be admissible at a trial on the merits in determining a motion for a preliminary injunction. *See SEC v. General Refractories Co.*, 400 F. Supp. 1248, 1255 (D.D.C. 1975).

The defendants' final objection is that the preliminary injunction is invalid under the 1976 Act. The injunction prohibits the sale of posters or reproductions containing any picture or likeness of Elvis Presley and the use of Presley's name or image for commercial profit. The terms of the order thus include not just the "In Memory" poster but any subsequent items that the defendants may seek to distribute. The defendants contend that the plaintiffs' right of publicity is preempted pursuant to section 301 of the 1976 Act. Therefore, they argue, the injunction cannot restrain the distribution of items prepared and marketed after January 1, 1978, the effective date of the 1976 Act. This argument, however, has already been answered by the Court's ruling that the right of publicity is not preempted by the 1976 Act. Accordingly, the injunction may prohibit distribution of articles even after the effective date of that Act and is neither overly broad nor contrary to federal law.

Conclusion

The Court has reaffirmed its initial ruling that the plaintiffs possess a valid and transferable right of publicity that survived Elvis Presley's death. This right is neither contrary to nor preempted by federal copyright law. The defendants were not authorized to publish and sell the "IN MEMORY" poster pursuant to any alleged right of first refusal. Finally, distribution of the poster is not protected by the First Amendment.

Opinion

The defendants' motion to vacate the preliminary injunction is denied. The plaintiffs' request for a permanent injunction embodying the terms of the preliminary injunction is granted. The defendants are thus permanently enjoined from (1) manufacturing, selling, or distributing any and all posters, reproductions, or copies identical or similar to the "IN MEMORY" poster; (2) manufacturing, selling, or distributing any other posters, reproductions, or copies containing any image, picture, or likeness of Elvis Presley; and (3) utilizing for commercial profit in any manner or form the name, image, photograph, or likeness of Elvis Presley other than pursuant to an agreement approved by the plaintiffs. The plaintiffs' damages demand is also granted to the extent they seek an amount equal to the profits received by the defendants from the unauthorized sale of the "IN MEMORY" poster. This matter is hereby referred to Magistrate Naomi R. Buchwald to conduct hearings on the amount of money to which the plaintiffs are entitled and to submit a recommendation to the Court.

So ordered.

OPINION OF THE UNITED STATES COURT OF APPEALS, SECOND CIRCUIT [579 F.2d 215 (1978)]

FACTORS ETC., INC. and Boxcar Enterprises Inc., Plaintiffs-Appellees,

v.

PRO ARTS, INC. and Stop and Shop Companies, Inc., Defendants-Appellants.

No. 655, Docket 77-7544.

United States Court of Appeals, Second Circuit.

Argued May 8, 1978.

Decided June 27, 1978.

Before WATERMAN, INGRAHAM* and MANSFIELD, Circuit Judges.

INGRAHAM, Circuit Judge:

Plaintiffs-Appellees, Factors Etc., Inc. (Factors) and Boxcar Enterprises, Inc. (Boxcar), sued Defendants-Appellants, Pro Arts, Inc. (Pro Arts) and Stop and Shop Companies, Inc. (Stop and Shop), for injunctive relief and damages based upon defendants' alleged misappropriation and unauthorized use of the name and likeness of Elvis Presley (Presley). The trial court granted the plaintiffs' preliminary injunction upon its findings that the exclusive right to market Presley memorabilia survived the death of Presley, and the Presley poster printed by defendants allegedly in derogation of this right was not privileged as the publication of a newsworthy event. This is an interlocutory appeal pursuant to 28 U.S.C. §1292(a)(1).

Because the facts are not is dispute, we need not describe them in detail. During Presley's career as an entertainer, Colonel

Opinion

Tom Parker (Parker) served as his close friend, mentor and personal manager. This professional relationship between the two parties began on March 26, 1956, with the execution of the first contract between them. Parker immediately began the task of creating the "Elvis persona." In so doing, both he and Presley capitalized upon the marketing of merchandise bearing the Elvis name and likeness. Parker directed this effort until Presley's death, a task reflected by the numerous extensions of the contract between the two parties.[1]

Boxcar Enterprises, a Tennessee corporation controlled by Presley and Parker,[2] was the vehicle through which the commercial Elvis Presley rights were marketed. Boxcar sublicensed other companies to do the actual manufacturing and distributing of each specific item, receiving royalties from the sales.[3]

On August 16, 1977, Elvis Presley died suddenly and unexpectedly. His father, Vernon Presley, was appointed executor of his estate. On August 18, 1977, two days after Presley's death, Boxcar granted Factors the exclusive license to

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1. At the time of his death, Presley was operating under an agreement with Parker, who was doing business as "All Star Shows." The agreement was executed on May 25, 1963, and was thereafter extended several times. The last extension occurred on January 22, 1976, and granted merchandising rights to Parker for another seven years.

2. Parker owned 56% of the shares; Presley and Tom Dishkin, President of Boxcar, each owned 22%.

3. When Boxcar licensed a merchandising item, Presley received 20% of the royalties, Parker received 20%, and Dishkin received 10%. The remaining 50% went to Boxcar.

exploit commercially the name and likeness of Elvis Presley. Factors paid Boxcar $100,000 on execution of the agreement against a guarantee of $150,000. Vernon Presley, as executor of the estate, signed the agreement licensing Factors, at the same time warranting that Boxcar was the sole and exclusive owner of the commercial Elvis Presley rights.[4] The agreement was also approved by Parker.

Immediately following Presley's death, Pro Arts decided that it too wanted a share in the market for Elvis Presley memorabilia. It purchased the copyright in the photograph of Presley from a staff photographer of the Atlanta (Georgia) Journal. On August 19, 1977, three days after his death, Pro Arts published a poster using the photograph and filed an application for registration of copyright. The poster is entitled "IN MEMORY" and below the photograph of Presley the poster bears the dates "1935-1977."

On the same day that the poster was published, Pro Arts began to market it. One of its first customers was co-defendant Stop and Shop Companies, which thereafter sold the poster through its Bradlees Stores Division in the Southern District of New York. On August 24, 1977, five days after its poster was placed on the market, Pro Arts notified Boxcar Enterprises that it was offering "a memorial 'Elvis' poster to meet the public demand." When Factors was informed of the letter, it replied to Pro Arts claiming the exclusive right to manufacture, sell and distribute all merchandise utilizing the name and likeness of Elvis Presley. Factors also warned Pro Arts that if it did not

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4. Contemporaneous with this agreement, Vernon Presley wrote to Parker, asking him to "carry on according to the same terms and conditions as stated in the contractual agreement [between Presley and Parker] dated January 22, 1976" (See n. 1, *supra*).

discontinue sale of the poster, it would be subject to a lawsuit for injunctive relief, damages and an accounting.

Instead of ceasing distribution of the poster, Pro Arts filed suit in the United States District Court for the Northern District of Ohio seeking a declaratory judgment of non-infringement of the rights claimed by Factors. When Factors discovered that it had been sued in Ohio, it responded by instituting this action against Pro Arts and Stop and Shop in United States District Court for the Southern District of New York.[5] This later action was filed on September 26, 1977, just five days after Pro Arts' action.

Upon the filing of the complaint in this action, the district judge entered an "order to show cause" requiring Pro Arts to show cause why an injunction should not issue against it. Pro Arts responded with a motion to dismiss, stay or transfer the suit to the Northern District of Ohio. On October 13, 1977, the New York court filed an opinion and order of preliminary injunction against Pro Arts. The injunction restrained Pro Arts during the pendency of the action from manufacturing, selling or distributing (1) any more copies of the poster labeled "IN MEMORY . . . 1935-1977," (2) any other posters, reproductions or copies containing any likeness of Elvis Presley, and (3) utilizing for commercial profit in any manner or form the name or likeness of Elvis Presley. The order also denied Pro Arts' motion to dismiss, stay or transfer. Pro Arts has duly perfected this interlocutory appeal from the order.[6]

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5. Jurisdiction was predicated upon the diversity of citizenship between the parties. 28 U.S.C. §1332.

6. 28 U.S.C. §1292(a)(1). *See, e.g., Morning Telegraph v. Powers*, 450 F. 2d 97 (2nd Cir. 1971), *cert. denied*, 405 U.S. 954, 92 S. Ct. 1170, 31 L. Ed. 2d 231 (1972).

Opinion

Before addressing the merits, we must first dispose of Pro Arts' contention that the trial court abused its discretion in denying Pro Arts' motion to stay or transfer the present action to the Northern District of Ohio.[7] Pro Arts first argues that the case should have been transferred under 28 U.S.C. §1404(a) (1976) for the convenience of parties and witnesses. According to Pro Arts, none of the parties are residents of New York, but instead each is incorporated and a resident of another state—Factors (Delaware), Boxcar (Tennessee), Pro Arts (Ohio), Stop and Shop (Massachusetts). Furthermore, Pro Arts contends that it is the chief defendant in the case and its principal place of business is located in Ohio, the state where all of its records, officers and witnesses are located.Defendant Stop and Shop, on the other hand, is merely a "straw man" joined to make possible a New York suit, and has nothing to do with the printing or manufacturing of the poster.

There can be no doubt that the burden is on the defendant, when it is the moving party, to establish that there should be a change of forum. *See Ford Motor Co. v. Ryan,* 182 F.2d 329, 330 (2d Cir.), *cert. denied,* 340 U.S. 851, 71 S.Ct. 79, 95 L.Ed. 624 (1950); *New York v. General Motors Corp.,* 357 F.Supp. 327, 328 (S.D.N.Y.1973); C. Wright, A. Miller and E. Cooper, 15 Federal Practice and Procedure 244 (1976) [hereinafter cited as Federal Practice and Procedure]. When a party seeks the transfer on account of the convenience of witnesses under §1404(a), he must clearly specify the key witnesses to be called and must make a general statement of

7. On appeal, Pro Arts has apparently abandoned its earlier contention that the New York court lacked personal jurisdiction or venue over the parties, arguing only that the action should have been transferred or stayed on grounds of convenience and other equitable considerations.

what their testimony will cover. 15 Federal Practice and Procedure 270. *See, e.g., Mendelson v. Fleischmann,* 386 F.Supp. 436, 439 (S.D.N.Y.1973). Not only was no such demonstration attempted, but Pro Arts did not even urge the convenience of witnesses and parties below as a ground for §1404(a) transfer. Because the issue was not raised in the district court and supported by affidavits, there could be no abuse of discretion in not granting transfer on these grounds.

Pro Arts argues in the alternative that the case should have been transferred to Ohio under §1404(a) or stayed pending resolution of the Ohio action, since essentially the same lawsuit involving the same parties and the same issues had been filed in Ohio before the New York case was filed. The rule in this circuit is that the first suit should have priority, "'absent the showing of balance of convenience in favor of the second action' . . . or unless there are special circumstances which justify giving priority to the second." *William Gluckin & Co. v. International Playtex Corp.,* 407 F.2d 177, 178 (2d Cir. 1939), *quoting Remington Products Corp. v. American Aerovap, Inc.,* 192 F.2d 872 (2d Cir. 1951). The Supreme Court has articulated the test to be "wise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation . . ." *Kerotest Manufacturing Co. v. C-O-Two Fire Equipment Co.,* 342 U.S. 180, 183, 72 S.Ct. 219, 221, 96 L.Ed. 200 (1952). In deciding between competing jurisdictions, the balancing of convenience should be left to the sound discretion of the district court. *Id.* at 183-84, 72 S.Ct. 219; *William Gluckin & Co. v. International Playtex Corp.,* 407 F.2d at 178.

We conclude that the district court did not abuse its discretion by allowing the later filed action to proceed. First, at the time that this case was filed, two additional lawsuits against

other defendants by Factors presenting the identical issue for resolution were pending in the Southern District of New York.[8] Efficient and responsible judicial administration dictated that these three cases be tried before the same forum. *Id. See Remington Products Corp. v. American Aerovap, Inc.*, 192 F.2d 872, 873 (2d Cir. 1951).

Second, Pro Arts' suit for declaratory judgment was filed in apparent anticipation of Factors' New York suit. When the declaratory judgment action has been triggered by a notice letter, this equitable consideration may be a factor in the decision to allow the later filed action to proceed to judgment in the plaintiffs' chosen forum. *Amerada Petroleum Corp. v. Marshall*, 381 F.2d 661, 663 (5th Cir. 1967). *Accord, Columbia Pictures Industries, Inc. v. Schneider*, 435 F.Supp. 742, 747 (S.D.N.Y.1977). As Mr. Justice Brennan has observed, "[t]he federal declaratory judgment is not a prize to the winner of a race to the courthouses." *Perez v. Ledesma*, 401 U.S. 82, 119 n. 12, 91 S. Ct. 674, 694, 27 L. Ed. 2d 701 (1971) (Brennan, J. dissenting). In short, we find no abuse of discretion by the district court in its decision not to grant Pro Arts' motion to transfer the case to Ohio under §1404(a) or stay the proceedings pending resolution of the Ohio action.

We now proceed to the determination of the principal issue in this case—whether or not the preliminary injunction was improvidently granted. In order to be granted a preliminary injunction under Rule 65(a), Fed.R.Civ.P., the movant must make "'a clear showing of either (1) probable success on the

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8. These two cases are *Factors Etc., Inc. v. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977), and *Factors Etc., Inc. v. The Wild Side, Inc.*, 77 Civ. 4705 (S.D.N.Y. Oct. 14, 1977).

merits *and* possible irreparable injury, *or* (2) sufficiently serious questions going to the merits to make them a fair ground for litigation *and* a balance of hardships tipping decidedly toward the party requesting the preliminary relief.'" *Triebwasser & Katz v. American Tel. & Tel. Co.*, 535 F.2d 1356, 1358 (2d Cir. 1976) (emphasis in original), *quoting Sonesta International Hotels Corp. v. Wellington Assoc.*, 483 F.2d 247, 250 (2d Cir. 1973). The trial court employed the first prong of the test, finding that Factors had demonstrated probable success on the merits and possible irreparable injury. Because Pro Arts does not challenge the trial court's finding of possible irreparable harm, we need only address the first of the two requirements, that of probable success on the merits.

In concluding that Factors would likely prevail on the merits at trial, the court found that Elvis Presley exercised his right of publicity during his lifetime by giving Parker the exclusive authority to exploit his image through Boxcar Enterprises. This exclusive authority survived Presley's death, after which it was validly assigned to Factors. For this reason Pro Arts was enjoined from manufacturing, distributing, selling or otherwise profiting from merchandise bearing the name or likeness of the late Elvis Presley.

It is beyond cavil that the grant or denial of preliminary injunctive relief "'will not be disturbed [on appeal] unless there is an abuse of [the trial court's] discretion . . . or unless there is a clear mistake of law.'" *New York v. Nuclear Regulatory Commission*, 550 F.2d 745, 751 (2d Cir. 1977), *quoting Triebwasser & Katz v. American Tel. & Tel. Co.*, 535 F.2d at 1358. On appeal, Pro Arts alleges two errors of law on the part of the trial court. According to Pro Arts, the trial court erred first in concluding that the right of publicity could survive the

death of the celebrity. Second, Pro Arts argues that even if the right did so survive, Pro Arts was privileged, as a matter of law, in printing and distributing its "memorial poster" of Presley, because the poster celebrated a newsworthy event.

The first issue, the duration of the so-called "right of publicity," is one of state law, more specifically the law of the State of New York. Because of the dearth of New York case law in this area, however, we have sought assistance from federal court decisions interpreting and applying New York law, as well as decisions from courts of other states.

As the district court noted, much confusion shrouds the so-called "right of publicity," largely because it has often been discussed under the rubric "right of privacy." As Dean Prosser has stated, the right of privacy embraces "four distinct kinds of invasion of four different interests of the plaintiff, which are tied together by the common name, but otherwise have almost nothing in common except that each represents an interference with the right of the plaintiff 'to be let alone.'" W. Prosser, Torts 804 (4th ed. 1971). Prosser has classified the four species of this tort as (1) intrusion upon the plaintiff's physical solitude or seclusion, *id.* at 807, (2) public disclosure of private facts, *id.* at 809, (3) false light in the public eye, *id.* at 812, and (4) appropriation of plaintiff's name or likeness for defendant's benefit, *id.* at 804.

The fourth type, appropriation of plaintiff's name or likeness for defendant's benefit, has in recent years acquired the label, "right of publicity." The distinguishing feature of this branch of the tort is that it involves the use of plaintiff's protected right for defendant's direct commercial advantage. The nature of the remedy also separates the right of publicity from

the other three species of the tort. To protect his interest with respect to the first three, the injured party attempts to minimize the intrusion or publication of the damaging matter. In contrast, the right of publicity plaintiff does not necessarily object to the commercial exploitation—so long as the exploitation is at his behest and he is receiving the profits. This point was recently underscored by the Supreme Court in *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 97 S.Ct. 2849, 53 L.Ed.2d 965 (1977). According to the Court, the interest protected:

> is closely analogous to the goals of patent and copyright law, focusing on the right of the individual to reap the reward of his endeavors and having little to do with protecting feeling or reputation.

Id. at 573, 97 S.Ct. at 2856.

> [The rationale is thus] "one of preventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get free some aspect of the plaintiff that would have market value and for which he would normally pay."

Id. at 576, 97 S.Ct. at 2857, quoting *Kalven*, Privacy in Tort Law—Were Warren and Brandeis Wrong? 31 Law & Contemp.Prob. 326, 331 (1966).

The State of New York provides a statutory right for the protection of a *living* person from commercial exploitation of

his name and picture by others without his written consent.[9] This statutory right, also called a "right of privacy," is predicated upon the classic right of privacy's theoretical basis which is to prevent injury to feelings. *Price v. Hal Roach Studios, Inc.*, 400 F.Supp. 836, 843 (S.D.N.Y.1975); *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (1977). In *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F.2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816, 74 S.Ct. 26, 98 L.Ed. 343 (1953), we recognized that the right of publicity exists independent from the statutory right of privacy and that it can be validly transferred by its owner:

> We think that, in addition to and independent of that right of privacy (which in New York derives from statute), a man has a right in the publicity value of his photograph, i.e., the right to grant the exclusive privilege of publishing his picture, and that such a grant may validly be made "in gross," i.e., without an accompanying transfer of a business or of anything else. Whether it be labelled a "property" right is immaterial; for here, as often elsewhere, the tag "property" simply symbolizes the fact that courts enforce a claim which has pecuniary worth.

Id. at 868.

Since the landmark *Haelan Laboratories, Inc.* case, several decisions by courts applying New York law have labeled the right of publicity as a valid transferable property right, *see, e.g.*,

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9. N.Y. [Civil Rights] Law §§50-51 (McKinney).

Price v. Hal Roach Studios, Inc., 400 F.Supp. at 844; *Groucho Marx Productions, Inc. v. Playboy Enterprises, Inc.*, No. 77-1782 (S.D.N.Y. Dec. 30, 1977); *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D.2d 620, 396 N.Y.S.2d 661 (1977), as well as recent decisions by courts applying the law of other states, *see, e.g., Cepeda v. Swift & Co.*, 415 F.2d 1205, 1206 (8th Cir. 1969); *Memphis Development Foundation v. Factors, Etc., Inc.*, 441 F.Supp. 1323, 1329 (W.D.Tenn.1977).

There can be no doubt that Elvis Presley assigned to Boxcar a valid property right, the exclusive authority to print, publish and distribute his name and likeness. In so doing, he carved out a separate intangible property right for himself, the right to a certain percentage of the royalties which would be realized by Boxcar upon exploitation of Presley's likeness and name. The identification of this exclusive right belonging to Boxcar as a transferable property right compels the conclusion that the right survives Presley's death. The death of Presley, who was merely the beneficiary of an income interest in Boxcar's exclusive right, should not in itself extinguish Boxcar's property right. Instead, the income interest, continually produced from Boxcar's exclusive right of commercial exploitation, should inure to Presley's estate at death like any other intangible property right. To hold that the right did not survive Presley's death, would be to grant competitors of Factors, such as Pro Arts, a windfall in the form of profits from the use of Presley's name and likeness. At the same time, the exclusive right purchased by Factors and the financial benefits accruing to the celebrity's heirs would be rendered virtually worthless.

Though no New York court has directly addressed this issue,[10] the only two cases on point agree with our conclusion that the right of publicity should survive the celebrity's death. *See Memphis Development Foundation v. Factors, Etc., Inc.*, 441 F. Supp. 1323 (W.D. Tenn. 1977); *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836 (S.D.N.Y. 1975). Of these two cases the *Price* case is particularly persuasive since it is a decision of a United States District Court purportedly applying New York law. *Price* involved a dispute over the ownership of the commercial right to use the names and likenesses of Stanley Laurel and Oliver Hardy ("Laurel and Hardy") following the death of the renowned comedians. The exclusive right to exploit the comedy team commercially was assigned to co-plaintiff Larry Harmon Pictures Corporation by Stan Laurel during his lifetime, by Oliver Hardy's widow and sole heir under Hardy's will, Lucille Hardy Price, and by Laurel and Hardy's production company, Laurel and Hardy Feature Productions. Several years later, when the *Price* defendants sought to utilize the name and likenesses of Laurel and Hardy, the owners sued. The district court held that the deaths of the actors did not extinguish the right of publicity held by the grantee of the right. This conclusion was found to be inherent in the distinction between the right of publicity and the right of privacy:

> Since the theoretical basis for the classic right of privacy, and of the statutory right in New York, is to prevent injury to feelings, death is a logical

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10. We do note, however, dicta from a recent appellate division opinion, *Lombardo v. Doyle, Dane & Bernbach*, 58 A.D. 2d 620, 396 N.Y.S. 2d 661 (2d Dept. 1977), to the effect that "while a cause of action under the Civil Rights Law is not assignable during one's lifetime and terminates at death, the right to publicity, e.g., the property right to one's name, photograph and image is under no such inhibition."

> conclusion to any such claim. In addition, based upon the same theoretical foundation, such a right of privacy is not assignable during life. When determining the scope of the right of publicity, however, one must take into account the purely commercial nature of the protected right. Courts and commentators have done just that in recognizing the right of publicity as assignable. There appears to be no logical reason to terminate this right upon death of the person protected.

400 F. Supp. at 844. In sum, we hold that Boxcar's exclusive right to exploit the Presley name and likeness, because exercised during Presley's life, survived his death.[11] The right was therefore validly transferred to Factors following Presley's death.

Pro Arts' final argument is that even if Factors possesses the exclusive right to distribute Presley memorabilia, this right does not prevent Pro Arts from publishing what it terms a "memorial poster" commemorating a newsworthy event. In support of this argument, Pro Arts cites *Paulsen v. Personality Posters, Inc.*, 59 Misc. 2d 444, 299 N.Y.S. 2d 501 (Sup. Ct. 1968), a case arising out of the bogus presidential candidacy of the television comedian Pat Paulsen. Paulsen sued defendant for publishing and distributing a poster of Paulsen with the legend "FOR PRESIDENT." The court refused to enjoin sale of the poster because Paulsen's choice of the political arena for satire

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11. Because the right was exploited during Presley's life, we need not, and therefore do not, decide whether the right would survive the death of the celebrity if not exploited during the celebrity's life.

made him "newsworthy" in the First Amendment sense. We cannot accept Pro Arts contention that the legend "IN MEMORY . . . " placed its poster in the same category as one picturing a presidential candidate, albeit a mock candidate. We hold, therefore, that Pro Arts' poster of Presley was not privileged as celebrating a newsworthy event.

In conclusion we hold that the district court did not abuse its discretion in granting the injunction since Factors has demonstrated a strong likelihood of success on the merits at trial. Factors possesses the exclusive right to print and distribute Elvis Presley memorabilia, a right which was validly transferred to it from Boxcar following Presley's death. Pro Arts infringed this right by printing and distributing the Elvis Presley poster, a poster whose publication was not privileged as a newsworthy event.

We affirm the action of the district court and remand for further proceedings.

DECISION OF COMMERCE UNION BANK et al. v. COORS

IN THE CHANCERY COURT, FOR DAVIDSON COUNTY,
PART THREE,
AT NASHVILLE, TENNESSEE

COMMERCE UNION BANK and LANCE LeROY, Co-Executors and Co-Trustees of the Estate of LESTER FLATT

VS. 81-1252-III

COORS OF THE CUMBERLAND, INC.

MEMORANDUM

This suit by the executors of the estate of Lester Flatt arises out of the publication of two beer advertisements bearing Flatt's likeness and is before the Court upon the defendant's motion to dismiss. The principal issue raised by the motion is whether an entertainer's "right of publicity" survives his death. The Court concludes Flatt's right of publicity did survive.

LESTER FLATT

Lester Flatt was a premier artist in the bluegrass style of music.[1] Bluegrass emerged in its present form in the 1940's under the leadership of Bill Monroe. In the mid-40's, Flatt, a vocalist and guitar player, and Earl Scruggs, a banjo player, joined Monroe's band, the Bluegrass Boys. The distinctive Scruggs three finger style banjo playing became an important ingredient in bluegrass music, as did Flatt's guitar playing style. Flatt and Scruggs left Monroe in 1948 and formed their own band, the Foggy Mountain Boys.

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1. The information about Lester Flatt and his music is from *Bluegrass* by Bob Artis (Hawthorn Books, Inc., New York, 1975).

Decision

Before the 1960's, the bluegrass audience and market were limited principally to the southeastern United States and to northern industrial cities to which southern whites migrated. Bluegrass became popular nationwide during the folk music craze of the early 1960's. The use of Flatt and Scruggs' music as the theme of the popular television series "The Beverly Hillbillies" and as the musical score in the academy award winning film *Bonnie and Clyde* in the 1960's were major factors in the widespread popularity of bluegrass music. Lester Flatt and Earl Scruggs, with their Foggy Mountain Boys became the best-known bluegrass group.

Flatt and Scruggs appeared regularly on the Grand Old Opry, on television shows and at personal appearances throughout the country. They were at the peak of their success when they split up in 1969. Flatt continued in the traditional bluegrass style similar to Monroe's, while Scruggs became more innovative in his music. Until his death, Lester Flatt was one of the most sought after and best-known bluegrass artists.

In the mid-1950's, Flatt began a commercial relationship with Martha White Mills, the Nashville-based producers of Martha White Flour. Martha White Flour sponsored a radio show for Flatt and Scruggs on WSM in Nashville and in later years sponsored a syndicated television show which was distributed nationwide. The company featured Flatt and Scruggs, and later Flatt with his own band, on a 30 minute segment it sponsored on the Grand Old Opry. Flatt and Scruggs were actually on the Martha White payroll and used the Martha White jingle as their theme song. Lester Flatt, the emcee of the Flatt and Scruggs shows, became indelibly identified with Martha White Flour. Flatt continued his relationship with Martha White after he and Scruggs split in 1969.

Decision

THE COORS ADVERTISEMENT

The defendant, Coors of the Cumberland, Inc., is a distributor of Coors beer in Middle Tennessee. In April, 1981, the defendant began distributing advertising posters containing Lester Flatt's likeness. The posters display a can, bottle, and mug of beer along with a slogan recommending Coors. The word "TENNESSEE" is written in large letters across the top of the poster. Below it are scenes of popular images of Tennessee, including pictures of Andrew Jackson, a frontiersman, a fisherman, two people riding in a boat, a person on a plow being pulled by mules, two ducks, and a flintlock musket. The poster's most prominent feature, aside from the beer, is an artist's depiction of Lester Flatt and Earl Scruggs with the Foggy Mountain Boys in the background. The defendant has distributed the posters in 41 Middle Tennessee counties.

The defendant has not obtained permission to use Flatt's likeness on the posters and has not compensated the estate for its use.[2] The executors have sued the defendant, seeking damages and an injunction.

RIGHT OF PUBLICITY

The term "right of publicity" identifies the property right a person has in the use of his or her name or likeness, including the right to control and profit from the use of the likeness. The term has its genesis in a 1953 case involving a dispute over the

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2. Earl Scruggs filed a similar suit following the filing of this suit by the Flatt estate. *Earl Scruggs vs. Coors of the Cumberland, Inc.*, (No. 81-1726-II), filed September 8, 1981.

right of a baseball player to control the use of his photograph by bubblegum card manufacturers.[3]

Tennessee courts have not had occasion to recognize the right of publicity, but the right has been recognized in other jurisdictions,[4] by the United States Supreme Court,[5] and by two federal courts applying Tennessee law in a diversity of citizenship case.[6] Tennessee courts have, however, recognized and protected other intangible property rights,[7] and this Court has no reason to believe that the Tennessee Supreme Court would refuse to enforce the right of publicity when presented with an appropriate case. Lester Flatt had a right of publicity

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3. *Haelean Laboratories vs. Tops Chewing Gum*, 202 F. 2d 866 (2nd Cir.), *cert. denied*, 346 U.S. 861 (1953).

4. *Zacchini vs. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 575-78 (1977) (applying Ohio law); *Cepeda vs. Swift & Co.*, 415 F. 2d 1205, 1206 (8th Cir. 1969) (applying Missouri law); *Haelean Laboratories vs. Tops Chewing Gum, supra*, (applying New York law); *Uhlaender vs. Hendricksen*, 316 F. Supp. 1277, 1280-83 (D. Minn. 1970) (applying Minnesota law); *Lugosi vs. Universal Pictures Co.*, 25 Cal. 3d 813, 160 Cal. Rptr. 323 (1979); *McQueen vs. Wilson*, 117 Ga. App. 488, 491-92, 161 S.E. 2d 63, 66 *rev'd on other grounds*, 224 Ga. 420, 162 S.E. 2d 313 (1968); *Canessa vs. J. I. Kislak, Inc.*, 97 N.J. Super. 327, 355-52, 235 A. 2d 62, 75-76 (1967); and, *Hirsch vs. S.C. Johnson & Son, Inc.*, 90 Wis. 2d 379, 280 N.W. 2d 129 (1979).

5. *Zacchini vs. Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977).

6. *Memphis Development Foundation vs. Factors, Etc., Inc.*, 441 F. Supp. 1323 (W.D. Tenn. 1977), 578 F. 2d 1381 (6th Cir. 1978) (injunctive relief), 616 F. 2d 956 (6th Cir. 1980).

7. *Sanford-Day Ironworks vs. Enterprise Foundry*, 138 Tenn. 437, 198 S.W. 258 (1917), and *Bradford and Carson vs. Montgomery Furniture Co.*, 115 Tenn. 610, 92 S.W. 1104 (1905).

enforceable in Tennessee, "a valuable proprietary right, a kind of property right in his name and image, and he had an exclusive right to market it, to assign it, or to benefit from its use commercially." *Memphis Development Foundation vs. Factors, Etc., Inc.*, 441 F. Supp. 1323, 1330 (W.D. Tenn. 1977). The defendant does not challenge the existence of the right, but does challenge the proposition that it survived Lester Flatt's death.[8]

The right of publicity has been confused with the right of privacy — the right of a person to be left alone. The right of privacy is a personal right; it is not property which can be assigned or conveyed, and it expires with the individual's death. The confusion between the two theories forms the basis of the defendant's motion to dismiss, as it urges that the right of publicity is a form of the right of privacy which ceases at death.

In reality, the right of publicity and the right of privacy are separate and distinct, designed to protect separate and distinct interests. The key to distinguishing between the two rights is the harm protected against by each. The right of privacy protects against offensive publicity which injures the individual's feelings, a mental and subjective injury. To maintain a cause of action for invasion of the right of privacy, the person need not suffer any economic loss. The right of publicity protects against economic loss. The person objects, not because the commercial use is offensive, although the Flatt estate also makes that claim, but because the person has not been compensated for the use of his likeness.

From the beginning of judicial recognition of the right of privacy, courts have recognized the distinction between the right

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8. This suit does not involve publication of Lester Flatt's likeness in news, biography, art, or any matter of public interest. Rather, it involves the use of his likeness to attract attention to an advertisement for consumer merchandise.

of privacy and the right of publicity. In the landmark 1953 bubblegum card case, a diversity case applying New York law, the court stated that "in addition to and independent of that right of privacy (which in New York derives from statute), a man has the right in the publicity value of his photograph, i.e., the right to grant the exclusive privilege of publishing his picture." *Haelean Laboratories vs. Tops Chewing Gum, supra* at 868. The distinction was more recently recognized in a suit similar to the instant suit which involved the likeness of Stanley Laurel and Oliver Hardy ("Laurel and Hardy").

> While much confusion is generated by the notion that the right of publicity emanates from the classic right of privacy, the two rights are clearly separable. The protection from intrusion upon an individual's privacy, on the one hand, and protection from appropriation of some element of an individual's personality for commercial exploitation, on the other hand, are different in theory and in scope.

Price vs. Hal Roach Studios, Inc., 400 F. Supp. 836, 843 (S.D.N.Y. 1975).

That distinction betwen the right of privacy and the right of publicity has been a significant factor relied upon by courts which have held that the right of publicity survives death.

DESCENDIBILITY OF THE RIGHT OF PUBLICITY

The issue remains whether Lester Flatt's right of publicity survived his death. Though Tennessee courts have not ruled on the issue, there is ample judicial precedent holding that the right of publicity is descendible.

Decision

The Tennessee Supreme Court has recognized that the exclusive right to use a trade name can survive the termination of business by the business entity which used it.[9] The Tennessee Court of Appeals held that the exclusive right to use the name of a Memphis drugstore passed from the decedent-sole proprietor to his widow who continued to operate the business.[10] Holding that the right of publicity survives death and is a descendible property right would be in accord with those decisions which protect rights in intangible property. Relying somewhat on those two Tennessee decisions and the weight of authority in other jurisdictions, a federal district court in Tennessee, applying Tennessee law, held that Elvis Presley's right of publicity survived his death.[11]

Courts in other jurisdictions have held that the right is descendible on the theory that the right of publicity is an alienable and assignable interest during the celebrity's life which should be treated like any other valuable property interest at the celebrity's death.[12] Considerations of fundamental fairness have also figured into the holdings. Often an entertainer or athlete has

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9. *Sanford-Day Ironworks vs. Enterprise Foundry*, 130 Tenn. 669, 172 S.W. 573 (1917).

10. *Robinsons vs. Robinsons, Inc.*, 9 Tenn. App. 103 (1928).

11. *Memphis Development Foundation vs. Factors, Etc., Inc.*, 441 F. Supp. 1323 (W.D. Tenn. 1977), *rev'd* 616 F. 2d 956 (6th Cir. 1980).

12. *Factors, Inc. vs. Pro Arts, Inc.*, 579 F. 2d 215 (2nd Cir. 1978); *Estate of Presley vs. Russen*, 513 F. Supp. 1339, 1355 (D. N.J. 1981); *Memphis Development Foundation vs. Factors, Etc., Inc.*, 441 F. Supp. 1323, 1330 (W.D. Tenn. 1977); *Price vs. Hal Roach Studios, Inc.*, 400 F. Supp. 836 (S.D. N.Y. 1975); *Factors, Etc., Inc. vs. Creative Card Co.*, 444 F. Supp. 279 (S.D.N.Y. 1977); and. Felcher & Rubin, "The Descendibility of the Right of Publicity: Is There Commercial Life After Death?" 89 *Yale L.J.* 1125 (1980).

devoted his or her entire life to attain celebrity status, and it would be unfair to permit a commercial enterprise to reap windfall benefits from the celebrity's labors at the expense of the celebrity's heirs or beneficiaries, usually close family members.

In two notable decisions, the California Supreme Court[13] and the Sixth Circuit Court of Appeals[14] have held that a celebrity's right of publicity does not survive death. The California case involves facts substantially different from the case at bar. The deceased celebrity, actor Bela Lugosi, made no effort to profit from the use of his name and likeness during his life, and the Court was not inclined to permit his heirs to profit from the exercise of a right which the celebrity did not exercise.[15] Although the exact nature of the Martha White—Lester Flatt relationship has not been developed in this case, Lester Flatt, through that relationship, did commercially exploit his name and image as a bluegrass musician. The *Lugosi* case is different in another crucial respect; Universal Pictures was not commercially exploiting Bela Lugosi, but was exploiting Count Dracula, a fictional character created in an 1897 novel by

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13. *Lugosi vs. Universal Pictures*, 23 Cal. 3d 813, 160 Cal. Rptr. 323 (1979).

14. *Memphis Development Foundation vs. Factors, Etc., Inc.*, 616 F. 2d 956 (6th Cir. 1980).

15. The California case is not universally accepted as authority that the right of publicity does not survive. Rather, it is regarded as holding that exploitation during life is a condition precedent for survival. *See* Felcher & Rubin, "The Descendibility of the Right of Publicity: Is There Commercial Life After Death?" 89 *Yale L.J.* 1125 (1980).

Bram Stoker.[16] Coors, on the other hand, is exploiting the likeness of Lester Flatt as himself, not as an actor playing a role.

The Sixth Circuit's opinion in the Elvis Presley case is irreconcilable with this Court's decision that the right of publicity is descendible and the majority view on this issue. Understandably, the defendant emphasizes it, an emphasis not misplaced since the Sixth Circuit was attempting to apply Tennessee law. Of course, that federal court decision is not binding on this Court, just as the district court's decision in the same case which held the opposite is not binding. This Court, however, finds the reasoning of the district court more persuasive than that of the appellate court.

When faced with deciding what Tennessee courts would do with the issue of survivability of the right of publicity in yet another Elvis Presley suit, the Second Circuit decided it should follow the Sixth Circuit's opinion in the absence of a ruling by the state courts of Tennessee.[17] In a well-reasoned dissent on the issue of the obligation of one federal appeals court to follow an interpretation of state law by a sister federal appeals court, Judge Mansfield commented on the Sixth Circuit's decision that:

> The reasoning of *Memphis Development* is not in any way derived from the local law of

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16. The point was made quite well in a concurring opinion by Justice Mosk. He stated: "Neither Lugosi during his lifetime nor his estate thereafter owned the exclusive right to exploit Count Dracula anymore than Gregory Peck possesses or his heirs could possess common law exclusivity to General McArthur, George C. Scott to General Patton, James Whitmore to Will Rogers and Harry Truman, or Charlton Heston to Moses." *Lugosi*, 25 Cal. 3d at 825, 160 Cal. Rptr. at 330.

17. *Factors, Etc., Inc. vs. Pro Arts, Inc.*, 652 F. 2d 278 (2nd Cir. 1981).

> Tennessee. Its result is inconsistent with that of nearly every other case which has considered the issue, including the Sixth Circuit's own prior ruling on the preliminary injunction issued by the District Court in *Memphis Development* and our opinion in *Factors I*. It is also contrary to all current views of scholarly commentators on the subject.
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> Here there was *no interpretation* of *any* Tennessee law by the Sixth Circuit, only a declaration of what that court thought would be a preferable general common law rule for that state. 652 F. 2d at 284 (emphasis in original).
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> * * *
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> The opinion makes no effort, as is sometimes done, to determine what other states the Tennessee courts tend to look to, (citations omitted). muchless [sic] to be guided by analogous principles of Tennessee law. (citations omitted). *Id.* at 285.

The Second Circuit followed the Sixth Circuit not because it agreed with the holding on the merits, but because it felt that it was bound to do so because Tennessee is within the Sixth Circuit.

The right of publicity should survive after death not only because it is supported by judicial precedent and property

interest and fundamental fairness considerations, but also because of public policy. The public policy served by the right of privacy is "to provide an incentive for enterprise and creativity by allowing individuals to benefit from their personal efforts." Felcher & Rubin, "The Descendability of the Right of Publicity: Is There Life After Death?" 89 *Yale L.J.* 1125, 1129 (1980). The ability to leave a valuable property interest to one's heirs is further incentive for enterprise and creativity and deserves judicial protection.

Permitting the right of publicity to survive death should have special significance in Tennessee. In *Factors, Etc., Inc.*, Judge Mansfield makes a pointedly perceptive comment when he said "it would be rational for Tennessee courts to adopt a policy enhancing the continued growth of Nashville and Memphis as centers for the lives and activities of music industry personalities." 652 F. 2d at 288. This Court agrees with Judge Mansfield. It would be unreasonable not to protect the efforts and energies of so many Tennessee artists.

PLAINTIFFS' REMAINING CLAIMS

In addition to the right of publicity claim in Count I, the plaintiffs attempt to make several additional allegations. In Count II, the wording fails to state a cause of action that this Court understands. The plaintiffs allege that the use of Lester Flatt's likeness in the Coors Advertisement "is a fraud upon the people of the State of Tennessee because it attaches to the defendant's merchandise a quality it does not have -- the approval of Lester Flatt -- who alive, would never endorse an alcoholic beverage under any circumstances;" is "a willful and malicious misrepresentation that constitutes unfair and deceptive acts or practices in the middle Tennessee marketplace;" and that

"the willful misappropriation of plaintiffs' property has unjustly enriched defendant." The only language which could constitute a cause of action is the unjust enrichment claim which is adequately addressed in Count I.

In Count III, the plaintiffs allege that "the use of Lester Flatt's likeness in these posters casts upon plaintiffs' decedent a false light in the public eye, which is unlawful conduct for which plaintiffs are entitled to damages and equitable relief." That appears to be a claim for invasion of the right of privacy or defamation, both of which are personal rights which did not survive Lester Flatt. Since Lester Flatt is dead, the Coors poster cannot invade his privacy or defame him.

Count IV alleges that the likeness of Lester Flatt is a legally protectable trademark or service mark. Although the allegations in the complaint are sketchy at best, the complaint does appear to state a cause of action sufficient to withstand a motion to dismiss.

In Count V, the plaintiffs allege that the use of Flatt's likeness is "a deceptive and confusing act because it tends to create the impression that Coors Beer has a connection with or is sponsored by the plaintiffs" and because of that impact on the public "defendant's conduct is unfair competition." That simply does not state a cause of action.

Decision

CONCLUSION

The defendant's motion to dismiss Counts I and IV is overruled. The defendant's motion to dismiss Counts II, III, and V is granted.

s/ Robert S. Brandt
ROBERT S. BRANDT,
CHANCELLOR

October 2, 1981

cc: Grant Smith
Ward DeWitt, Jr.
Thomas M. Black

OPINION OF THE UNITED STATES COURT OF APPEALS, SIXTH CIRCUIT [616 F.2d 956 (1980)]

MEMPHIS DEVELOPMENT FOUNDATION, Plaintiff-Appellant,

v.

FACTORS ETC., INC., Defendant-Appellee.

No. 79-1270.

United States Court of Appeals, Sixth Circuit.

Argued Dec. 31, 1979.

Decided March 6, 1980.

Rehearing and Rehearing En Banc Denied April 28, 1980.

Before WEICK and MERRITT, Circuit Judges, and CECIL, Senior Circuit Judge.

MERRITT, Circuit Judge.

This appeal raises the interesting question: Who is the heir of fame? The famous have an exclusive legal right during life to control and profit from the commercial use of their name and personality. We are called upon in this diversity case to determine whether, under Tennessee law, the exclusive right to publicity survives a celebrity's death. We hold that the right is not inheritable. After death the opportunity for gain shifts to the public domain, where it is equally open to all.

Opinion

I.

Elvis Presley died in Memphis on August 16, 1977. To honor him, the Memphis Development Foundation, a Tennessee non-profit corporation, laid plans to erect a large bronze statue of Presley in downtown Memphis. The Foundation solicited public contributions to pay for the sculpture. Donors of $25 or more received an eight-inch pewter replica of the proposed statue from the Foundation.

The District Court held that the heirs and assigns of Presley retained his exclusive right of publicity after his death. It held that the exclusive right to exploit Elvis Presley's name and likeness currently belongs to Factors Etc., Inc., the assignee of Elvis Presley's "right of publicity." The District Court thus enjoined further distribution of the replicas by the Foundation.

Prior to his death, Presley had conveyed the exclusive right to exploit the commercial value of his name and likeness to Boxcar Enterprises in exchange for royalties. Colonel Tom Parker, Presley's manager, was the majority shareholder of Boxcar. Parker owned 56% of the shares; Presley and Tom Dishkin, President of Boxcar, each owned 22%. Two days after Presley's death, Boxcar sold a license to use its rights to Factors for $150,000. Presley's father agreed to the sale on behalf of Elvis' estate.

The Foundation instituted this action seeking a declaratory judgment that Factors' license does not preclude distribution by the Foundation of the pewter replicas and that the Foundation has the right to erect the Presley statue.

Factors in turn by counterclaim seeks damages and an injunction against further distribution of the replicas by the Foundation. Factors claims that the Foundation is selling the statuettes for $25 apiece, and thus appropriating Factors' exclusive right to reap commercial value from the name and likeness of Elvis Presley.

The District Court issued an injunction against the Foundation. The injunction allows the Foundation to build the Presley memorial but prohibits it from manufacturing, selling or distributing any statuette bearing the image or likeness of Elvis Presley, or utilizing commercially in any manner or form the name, image, photograph or likeness of Elvis Presley.

II.

At common law, there is a right of action for the appropriation or unauthorized commercial use of the name or likeness of another. An individual is entitled to control the commercial use of these personal attributes during life.[1] But the common law has not heretofore widely recognized this right to control commercial publicity as a property right which may be inherited. *See* W. Prosser, Handbook of The Law of Torts §117, at 804, 815 (4th ed. 1971).

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1. Courts have recognized that the right of publicity exists independently of the right of privacy. *See, e.g., Ettore v. Philco Television Broadcasting Corp.*, 229 F. 2d 481 (3d Cir.), *cert. denied*, 351 U.S. 926, 76 S. Ct. 783, 100 L. Ed. 1456 (1956); *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.*, 202 F. 2d 866 (2d Cir.), *cert. denied*, 346 U.S. 816, 74 S. Ct. 26, 98 L. Ed. 343 (1953); Nimmer, *The Right of Publicity*, 19 Law & Contemp. Prob. 203 (1959).

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Recently, a few cases have characterized the right of publicity as property which may be passed on to heirs or assigns.[2] In addition, a recent law journal article advocates recognitition of such a right after death where a person has exploited his fame during life by assigning it to an agent or otherwise entering into a contract for its use. The theory is that the law should recognize that "the possibility of providing for one's heirs may have a motivational effect during one's life." Assignment during life is the touchstone because "if no contract has been created, the identification of . . . harm is . . . difficult" and evidently "such concerns were not a substantial motivation." The article thus distinguishes between "the unrealized *potential* ability of a person to profit from his attributes," an interest insufficient to establish an inheritable right, and the conscious exploitation of the right during life, the continuation of which after death fulfills "the social policy of encouraging individual creativity." Felcher & Rubin, *Privacy, Publicity, and the Portrayal of Real People by the Media*, 88 Yale L.J. 1577, 1618-19 (1979).

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2. *E.g., Factors Etc., Inc. v. Pro Arts, Inc.*, 579 F. 2d 215, 221-22 (2d Cir. 1978), *cert. denied*, 440 U.S. 908, 99 S. Ct. 1215, 59 L. Ed. 2d 455 (1979) (Elvis Presley's right of publicity survived his death because exploited contractually during his life); *Hicks v. Casablanca Records & Filmworks*, 464 F. Supp. 426, 429-30 (S.D.N.Y. 1978) (Agatha Christie's right of publicity was devisable because exploited during her life); *Price v. Hal Roach Studios, Inc.*, 400 F. Supp. 836, 844 (S.D.N.Y. 1975) ("no logical reason" to terminate exclusiveness of Laurel and Hardy's right of publicity upon death); Note, *The Right of Publicity—Protection for Public Figures and Celebrities*, 42 Brooklyn L. Rev. 527, 541-49 (1976); Comment, *Transfer of the Right of Publicity: Dracula's Progeny and Privacy's Stepchild*, 22 U.C.L.A. L. Rev. 1103 (1975).

Opinion

Tennessee courts have not addressed this issue directly or indirectly, and we have no way to assess their predisposition. Since the case is one of first impression, we are left to review the question in the light of practical and policy considerations, the treatment of other similar rights in our legal system, the relative weight of the conflicting interests of the parties, and certain moral presuppositions concerning death, privacy, inheritability and economic opportunity. These considerations lead us to conclude that the right of publicity should not be given the status of a devisable right, even where as here a person exploits the right by contract during life.

III.

Recognition of a post-mortem right of publicity would vindicate two possible interests: the encouragement of effort and creativity, and the hopes and expectations of the decedent and those with whom he contracts that they are creating a valuable capital asset. Although fame and stardom may be ends in themselves, they are normally by-products of one's activities and personal attributes, as well as luck and promotion. The basic motivations are the desire to achieve success or excellence in a chosen field, the desire to contribute to the happiness or improvement of one's fellows and the desire to receive the psychic and financial rewards of achievement. As John Rawls has written, such needs come from the deep psychological fact that the individuals want the respect and good will of other persons and "enjoy the exercise of their realized capacities (their innate or trained abilities), and this enjoyment increases the more the capacity is realized, or the greater its complexity." (Footnote omitted.) According to Rawls:

Opinion

> [Such] activities are more enjoyable because they satisfy the desire for variety and novelty of experience, and leave room for feats of ingenuity and invention. They also evoke the pleasures of anticipation and surprise, and often the overall form of the activity, its structural development, is fascinating and beautiful. *A Theory of Justice* 426-27 (1971).

Fame is an incident of the strong motivations that Rawls describes. The desire to exploit fame for the commercial advantage of one's heirs is by contrast a weak principle of motivation. It seems apparent that making the right of publicity inheritable would not significantly inspire the creative endeavors of individuals in our society.

IV.

On the other hand, there are strong reasons for declining to recognize the inheritability of the right. A whole set of practical problems of judicial line-drawing would arise should the courts recognize such an inheritable right. How long would the "property" interest last? In perpetuity? For a term of years? Is the right of publicity taxable? At what point does the right collide with the right of free expression guaranteed by the first amendment? Does the right apply to elected officials and military heroes whose fame was gained on the public payroll, as well as to movie stars, singers and athletes? Does the right cover posters or engraved likenesses of, for example, Farah Fawcett Majors or Mahatma Gandhi, kitchen utensils ("Revere Ware"), insurance ("John Hancock"), electric utilities ("Edison"), a football stadium ("RFK"), a pastry ("Napoleon"), or the innumerable urban subdivisions and apartment complexes

named after famous people? Our legal system normally does not pass on to heirs other similar personal attributes even though the attributes may be shared during life by others or have some commercial value. Titles, offices and reputation are not inheritable. Neither are trust or distrust and friendship or enmity descendible. An employment contract during life does not create the right for heirs to take over the job. Fame falls in the same category as reputation; it is an attribute from which others may benefit but may not own.

The law of defamation, designed to protect against the destruction of reputation including the loss of earning capacity associated with it, provides an analogy. There is no right of action for defamation after death. *See* Restatement (Second) of Torts §560 (rev. ed. 1977). The two interests that support the inheritability of the right of publicity, namely, the "effort and creativity" and the "hopes and expectations" of the decedent, would also support an action for libel or slander for destruction of name and reputation after death. Neither of these reasons, however, is sufficient to overcome the common law policy terminating the action for defamation upon death.

Fame often is fortuitous and fleeting. It always depends on the participation of the public in the creation of an image. It usually depends on the communication of information about the famous person by the media. The intangible and shifting nature of fame and celebrity status, the presence of widespread public and press participation in its creation, the unusual psychic rewards and income that often flow from it during life and the fact that it may be created by bad as well as good conduct combine to create serious reservations about making fame the permanent right of a few individuals to the exclusion of the general public. Heretofore, the law has always thought that leaving a good name to one's children is sufficient reward in

itself for the individual, whether famous or not. Commercialization of this virtue after death in the hands of heirs is contrary to our legal tradition and somehow seems contrary to the moral presuppositions of our culture.

There is no indication that changing the traditional common law rule against allowing heirs the exclusive control of the commercial use of their ancestor's name will increase the efficiency or productivity of our economic system. It does not seem reasonable to expect that such a change would enlarge the stock or quality of the goods, services, artistic creativity, information, invention or entertainment available. Nor will it enhance the fairness of our political and economic system. It seems fairer and more efficient for the commercial, aesthetic, and political use of the name, memory and image of the famous to be open to all rather than to be monopolized by a few. An equal distribution of the opportunity to use the name of the dead seems preferable. The memory, name and pictures of famous individuals should be regarded as a common asset to be shared, an economic opportunity available in the free market system.

These same considerations also apply to the Presley assigns' more narrow argument based on the fact that Presley entered into contracts during his life for the commercial use of his image. It is true that the assignment of the right of publicity during life shows that Presley was aware of the value of the asset and intended to use it. The assignment also suggests that he intended to convert a mere opportunity or potential for profit into a tangible possession and consciously worked to create the asset with, perhaps, the hope of devising it.

The question is whether the specific identification and use of the opportunity during life is sufficient to convert it into an

inheritable property right after death. We do not think that whatever minimal benefit to society may result from the added motivation and extra creativity supposedly encouraged by allowing a person to pass on his fame for the commercial use of his heirs or assigns outweighs the considerations discussed above.

Accordingly, the judgment of the District Court is reversed and the case is remanded for further proceedings consistent with the principles announced above.

OPINION OF THE UNITED STATES DISTRICT COURT, W.D. TENNESSEE [441 F. SUPP. 1323 (1977)]

MEMPHIS DEVELOPMENT FOUNDATION, Plaintiff,

v.

FACTORS, ETC., INC., Defendant.

No. 77-2545.

United States District Court,
W.D. Tennessee, W.D.

Dec. 5, 1977.

MEMORANDUM OPINION

WELLFORD, District Judge.

Plaintiff is a Tennessee "not for profit" corporation, and has sued defendant in this diversity action, a Delaware corporation, relative to the right to advertise and promote a statue of the late Elvis Presley. Elvis Presley, a resident of Memphis, died on August 16, 1977, and shortly thereafter plaintiff, in an effort to memoralize him, commissioned one Erick Parks to design and cast a bronze statute of Presley, which would be erected in his home city, Memphis. To finance the projected $200,000 cost of the project, plaintiff announced its intention to give eight-inch pewter replicas of the bronze statue to persons who contribute $25.00 or more to plaintiff. Plaintiff projects that advertisement expenses will exceed $10,000 for the project.[1]

1. The effort was made without specific prior approval of Memphis City officials or its Chamber of Commerce.

Opinion

Early in his career that brought him fame and fortune, Presley granted to Col. Tom Parker the exclusive right to market his name, picture, image, likeness and personality. These rights were in fact developed and marketed through various licensing arrangements. In 1974, Parker and Presley transferred all of these "commercial Elvis Presley rights" to Boxcar, Inc., a Tennessee corporation, which thereafter was the exclusive entity through which said rights were marketed.

On August 18, 1977, following his death, Boxcar granted, by written agreement, to defendant, the exclusive right to market the commercial Elvis Presley rights throughout the world upon payment to Boxcar of $100,000 against a guarantee of $150,000. Vernon Presley signed the agreement as executor of the Elvis Presley estate and as the representative of Presley's share of Boxcar. Defendant has begun marketing under this agreement, through licensing arrangements, Elvis Presley novelty items, among which are pewter statuettes of Elvis in three castings, expressly approved by Parker and Vernon Presley.

Plaintiff alleges that defendant has taken steps to interfere with plaintiff's attempts to solicit contributions in return for the statuettes it intended to distribute and seeks to restrain such interference. Both parties agree that the fleeting nature of the market for novelties following Elvis' death requires a swift determination of defendant's claim to the exclusive marketing rights of Presley's name and likeness.

Although there are assertions of antitrust violation and claims and cross-claims for damages involved, there is a central and crucial issue of law to be decided which will determine the rights of the parties in this litigation. Basically the plaintiff contends that the right to capitalize, to exploit and to publicize the name

and reputation of Elvis Presley (and particularly by statue or replica) terminated at his death. Plaintiff therefore takes the position that it had a right after his death, free from interference, to use a commissioned statue of Presley to raise money for a public, non-profit purpose. Plaintiff contends it had to seek no approval or permission from anyone connected with Presley or his estate because the right to exploit the name and image or any publicity in connection with Elvis Presley was personal to him only and expired with him.

Defendant, on the other hand, takes the opposite position that the right of publicity and use of Elvis Presley's name and reputation and incidents thereof survives, particularly under the circumstances here which are not substantially in dispute. There is no question but that Elvis Presley enjoyed national and even worldwide fame as a singer, performer, actor and entertainer. He enjoyed the full benefits of the commercial use and exploitation of his name and fame during his lifetime, aided by and through an experienced business manager. Extensive efforts for his benefit were made during his lifetime under an exclusive right given by him to use and exploit commercially the Presley attributes which were well-known and valuable. The rights were restricted during his lifetime to authorized persons subject to royalties. The question now is: can an exclusive assignment to this same effect be valid and enforceable after Presley's death? If it can be, then defendant will prevail as a matter of law.

The parties have briefed and argued their respective positions thoroughly and have been of assistance to the Court in an area embodying a relative paucity of reported decisions.[2]

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2. There is no reported case in Tennessee dealing with this question.

PLAINTIFF'S CONTENTIONS:

A. The right to exploit the name and likeness is a branch of the common law right of privacy.

Prosser in his *Handbook of the Law of Torts* (3d ed. 1964) discusses four distinct kinds of invasion of four separate rights "encompassed with the law of privacy." The last one discussed by Dean Prosser is appropriating for another's benefit the name or likeness of a person. This is also the separate subject of reference in *Restatement of Torts* (2d), §652C (Tentative draft 1967). Plaintiff, however, acknowledges that this fourth area, distinct from other invasions of privacy, is also termed a "right of publicity." See *Zacchini v. Scripps-Howard,* 47 Ohio St. 2d 224, 351 N.E. 2d 454 (1976), *rev'd. on other grounds,* ____ U.S. ____, 97 S. Ct. 2849, 53 L. Ed. 2d 965 (1977) and *Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc.,* 202 F. 2d 866 (2d Cir. 1953). The former sets out that "the 'privacy' which the performer seeks is personal control over commercial display and exploitation of his personality." 351 N.E. 2d at 459. Plaintiff concedes that this has also been characterized a "property right," citing *Cepeda v. Swift & Co.,* 415 F. 2d 1205 (8th Cir. 1969) and *Uhlaender v. Henricksen,* 316 F. Supp. 1277 (D. Minn. 1970), but plaintiff contends its proper description is that of a "proprietary right." See *Motschenbacher v. R.J. Reynolds Tobacco Co.,* 498 F. 2d 821 (9th Cir. 1974). This case, however, also notes that other courts have recognized and protected a so-called "right of publicity" under the "rubric of 'property'." 498 F. 2d at 825. But, maintains plaintiff, such right of Elvis Presley, however it may be characterized by these (or other) cases, to the commercial use of his name and likeness is not an inheritable right.

B. The right of publicity is not a "property right" and is not inheritable.

Several cases are relied upon by plaintiff that deal with the tax treatment of the right of publicity. *Miller v. Commissioner, Internal Revenue,* 299 F. 2d 706 (2d Cir. 1962) involved a proceeding by Glenn Miller's widow contesting the treatment of income received by her many years after his death under an exclusive contract with a motion picture producer to produce "The Glenn Miller Story". The "specific question dividing the parties related to the meaning of the term 'capital asset' " in that case. 299 F. 2d at 708. The court found that Mrs. Miller did not establish the payment to her to be for a capital asset[3], that it was not such "property" under the Internal Revenue Code as would qualify for capital gains treatment, because "not everything that can be called property in the ordinary sense and which is outside the statutory exclusions qualifies as a capital asset." 299 F. 2d at 710-11. Plaintiff apparently relies upon the discussion in that case questioning whether "such a property right, if it existed, could pass to the sole beneficiary under his will" (299 F. 2d at 709) and the conclusion that no such "capital asset property" came into existence after Miller's death. The second case, *Damon Runyon, Jr. v. United States,* 281 F. 2d 590 (5th Cir. 1960) reached a similar result on a New York contract made after Damon Runyon's death for a motion picture of his life and for the portrayal of the taxpayer himself therein. The court noted in the latter case a failure of the taxpayer to prove any legal right in himself to his father's life story; the taxpayer was not entitled to capital gains treatment on the payment received because New

3. Elsewhere in the *Miller* decision, the Court acknowledged that the definition of the term, "capital asset", must be "narrowly applied." 299 F. 2d at 711.

York statutory law on the "right of privacy" applied "only to a living person." 281 F. 2d at 592. The court added, however, that "even though the taxpayer had a property right in the name and story of his father's life, there was nevertheless no sale of it."

Other cases relied upon by plaintiff, *Maritote v. Desilu Productions,* 345 F. 2d 418 (7th Cir. 1965); *James v. Screen Gems, Inc.,* 174 Cal. App. 2d 650, 344 P. 2d 799 (1959); and *Schumann v. Lowe's, Inc.,* 135 N.Y.S. 2d 361 (Supp. 1954) involved actions brought many years after the death of notorious or famous persons by a personal representative or kin asserting invasion of privacy on one hand causing mental suffering, and in others, misappropriation of a name. These cases held that such a right of privacy, as asserted, in the name or reputation of Al Capone or Jesse James was personal to them, and in the *Schumann* case that there was not demonstrated a right of inheritance or assignment shown.[4] These latter cases do not really address the issue here in controversy; the relatives were contending about a filmed presentation of the life or activities of a person long deceased. There was no claim that a recent effort or action was asserted after death to pursue any right of publicity for commercial ends which was initiated, recognized and utilized during lifetime of the personages involved by any plaintiff. "Comment, fictionalization, and even distortion of a dead man's career do not invade the privacy of his offspring, relatives, or friends." *Maritote, supra,* 345 F. 2d at 420. The basic complaint in these cases (except *Schumann*) was humiliation from false and distorted stories about the deceased. That is an entirely different area of the law of privacy and would likely under the authorities go to the grave with the deceased.

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4. Robert Schumann died in 1856; Capone in 1947; and the plaintiffs' claim in the Capone (Maritote) case involved a claimed invasion of a right of privacy some 12 years after death.

Plaintiff here also relies on *Lugosi v. Universal Pictures,* 139 Cal. Rptr. 35 (Cal. App. 1977), a case now on appeal to the Supreme Court of California. That case recognizes a Prosser-described "right of value" upon which a living person such as Bela Lugosi, an actor, can capitalize on his name and reputation by issuing licenses.

> "The tie-up of one's name, face and/or likeness with a business, product or service creates a tangible and saleable product in much the same way as property may be created by one who organizes under his name a business to build and/or sell houses according to a fixed plan or who writes a book, paints a picture or creates an invention."[5] 139 Cal. Rptr. at 37.

The Court further assumes that Lugosi might have so capitalized upon his famous role as Dracula during his lifetime, but

> ". . . whether Lugosi's heirs would have succeeded to such property depends entirely on how it was managed before Lugosi died. Lugosi may have sold the property and spent the consideration before he died, or sold it for installment payments and/or royalties due after his death, in which latter event such payments and/or royalties would, of course, be a part of his estate." 139 Cal. Rptr. at 38.

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5. Citing *Johnston v. 20th Century Fox Film,* 82 Cal. App. 2d 796, 810, 187 P. 2d 474. Compare *Guglielmi v. Spelling-Goldberg Prods.,* 140 Cal. Rptr. 775 (Cal. Ct. App. 2d, App. Dist. 1977).

The California court concluded there was no right in a widow and son, 10 years after his death, to challenge the right of Universal, purportedly under a 36 year old agreement for production of "Dracula," to continue to exploit those film rights which had been assigned by Lugosi during his lifetime. This authority is extremely limited, in any event, because the case is now on appeal.

DEFENDANT'S CONTENTIONS:

A very recent New York case, *Factors, Inc. v. Creative Card Co.*, No. 77 Civ. 4400 CHT (filed 10/12/77), involving this same defendant and another party, decided and filed October 12, 1977, by Judge Charles Tenney, synthesizes defendant's position on the law involved. Defendant here, as plaintiff in that case, sought, successfully, to enjoin the distribution and sale of posters and commercially exploitive souvenir merchandise bearing the likeness of Elvis Presley. That court noted:

> ". . . it seems clear enough, at least for purposes of a preliminary injunction, that Presley gave Parker leave to exploit his image through merchandise and that Boxcar was, in recent years, the vehicle through which such merchandising was carried on."

The court further observed that for twenty years Presley, during his lifetime, dealt with the same people in the commercial utilization and licensing of his name and likeness. That court concluded, after citing three law review articles,[6] that Boxcar had

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6. *Right of Property in Name, Likeness, Personality and History*, 55 Nw. U.L. Rev. 553 (1960); Nimmer, *The Right of Publicity*, 19 Law & Cont. Prob. 203 (1954); Note, *The Right of Publicity—Protection for Public Figures and Celebrities*, 42 Brook. L. Rev. 527 (1976).

a valuable right to transfer to Factors, a "right of publicity," a concept distinct from but related to traditional notions of the right of privacy because the latter commonly is designated in some fashion as a "right to be let alone," referring again to Professor Prosser in his work on *Torts.* The court stated that:

> "It is evident that courts address intrusions on feelings, reputation and privacy only when an individual has elected not to engage in personal commercialization. By contrast, when a 'persona' is in effect a product, and that product has already been marketed to good advantage, the appropriation by another of that valuable property has more to do with unfair competition than it does with the right to be left alone. *See Ettore v. Philco Television Broadcasting Corp.*, 229 F. 2d 481, 490 (3d Cir. 1956); *Uhlaender v Henricksen,* 316 F. Supp. 1277, 1282 (D. Minn. 1970)."

In addition to these authorities, Judge Tenney also cites the United States Supreme Court in *Zacchini v. Scripps-Howard Broadcasting, supra,* — U.S. at —, 97 S. Ct. at 2856, 2857, 53 L. Ed. 2d at 974—76, to this effect:

> " . . . As we later note, the State's interest is closely analogous to the goals of patent and copyright law, focusing on the right of the individual to reap the reward of his endeavors and having little to do with protecting feelings or reputation. . . . An entertainer such as petitioner usually has no objection to the widespread publication of his act so long as he gets the commercial benefit of such publication.

. . . . .

> " 'The rationale for [protecting the right of publicity] is the straightforward one of preventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get for free some aspect of the plaintiff that would have market value and for which he would normally pay.' Kalven, *Privacy in Tort Law—Were Warren and Brandeis Wrong?*, 31 Law and Contemporary Problems, 326—31 (1966)."

Other cases cited in *Factors, Inc. v. Creative Card, supra,* which recognize this right of publicity as a "species of property" are: *Cepeda v. Swift & Co., supra; Price v. Hal Roach Studios, Inc.,* 400 F. Supp. 836 (S.D.N.Y. 1975); *Sharman v. C. Schmidt & Sons, Inc.,* 216 F. Supp. 401 (E.D. Pa. 1963); *cf. Ettore v. Philco Television Broadcasting Corp., supra; O'Brien v. Pabst Sales Co.,* 124 F. 2d 167 (5th Cir. 1941) *cert den.,* 315 U.S. 823, 62 S. Ct. 917, 86 L. Ed. 1220 (1942); *id.* at 170-71 (Holmes, J., dissenting); *Grant v. Esquire, Inc.,* 367 F. Supp. 876 (S.D. N.Y. 1973).

The court then concluded:

> . . . There is no reason why the valuable right of publicity—*clearly exercised by and financially benefiting Elvis Presley in life*—should not descend at death like any other intangible property right." (emphasis added).

Another judge of the same court had decided the issue in the same fashion in *Price v. Hal Roach Studios, Inc., supra,* a case involving a dispute over commercial rights to the names and

likenesses of Stan Laurel and Oliver Hardy after their decease. Again, Judge Stewart of that court recognized the separability of the right of publicity or "appropriation for commercial exploitation" and the classic right of privacy, though at the same time appreciating that the former emanates from the latter. See *Cary Grant v. Esquire, Inc., supra,* (Knapp, J.). The court in *Price, supra,* holds that there was "such a property right" exercisable by Laurel and Hardy during their lifetimes, that this right did not terminate upon their death, particularly since they had used and promoted that right commercially during their lifetimes:

> " . . . if it is not 'a matter of dispute that plaintiff has a valuable property right in his name, photograph and image and that he may sell these property rights,' *Cepeda v. Swift and Co., supra,* 415 F. 2d at 1206, then what policy should operate to cut off his right at death?
>
> "While authorities on the subject appear to be scarce, those considering the question have drawn a distinction between termination of a right to privacy at death and survival of a right of publicity." 400 F. Supp. at 844.

That court examined and distinguished carefully several of the cases cited by plaintiff here, including *Miller v. Universal Pictures,* 11 A.D. 2d 47, 201 N.Y.S 2d 632 *aff'd* 10 N.Y. 2d 972, 224 N.Y.S. 2d 662, 180 N.E. 2d 248 (1961) (no property interest in the Glenn Miller "sound") and *Lugosi v. Universal Pictures, supra.*[7]

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7. "The present case is easier to decide than *Lugosi* since we deal here with actors portraying themselves and developing their own characters rather than fictional characters which have been given a particular interpretation by an actor." 400 F. Supp. at 845.

Price also decided that federal laws do not preempt state action in the realm of state protection of a right of publicity, nor could it be inferred that states could not grant protection in the nature of copyright laws.[8] The court concluded, then, that the right of publicity did not terminate upon the death of Laurel and Hardy and that an unauthorized exploitation could be enjoined by their estates on the basis of an unjust enrichment and wrongful appropriation of a valuable right (despite a movie copyright claimed by defendant).

Defendant, and the two New York cases above discussed in some detail, rely on a number of cases to the effect that Presley himself possessed a valuable and exclusive right to market his name and likeness. Perhaps the leading case to that effect is *Haelan Laboratories v. Topps Chewing Gum*, 202 F. 2d 866 (2d Cir.), *cert. den.* 346 U.S. 816, 74 S. Ct. 26, 98 L. Ed. 343 (1953), which clearly recognizes and discusses the "right of publicity" as distinguished from the traditional ideas of the right of privacy.

> " . . . We think that, in addition to and independent of that right of privacy (which in New York derives from statute), a man has a right in the publicity value of his photograph, *i.e.*, the right to grant the exclusive privilege of publishing his picture, and that such a grant may validly be made 'in gross,' *i.e.*, without an accompanying transfer of a business or of anything else. Whether it be labelled a 'property' right is immaterial; for here, as often elsewhere, the tag 'property' simply symbolizes the fact that courts enforce a claim which has pecuniary worth.

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8. See *Goldstein v. California*, 412 U.S. 546, 93 S. Ct. 2303, 37 L. Ed. 2d 163 (1972).

. . . . . .

> " . . . This right of publicity would usually yield them no money unless it could be made the subject of an exclusive grant which barred any other advertiser from using their pictures." 202 F. 2d at 866-68.

To the same effect in the case of Orlando Cepeda, this "valuable property right in his name and image" was recognized. *Cepeda v. Swift and Co., supra* at 1206. See also *Uhlaender v. Henricksen, supra,* and *Booth v. Curtis Pub. Co.,* 11 N.Y. 2d 907, 228 N.Y.S. 2d 468, 182 N.E. 2d 812 (1962). *Ettore v. Philco Television,* 299 F. 2d 481, 487 (3d Cir. 1956) also found "recognition of a kind of property right in the performer," which might be limited or marketed by the performer (in that case a boxer), and that unauthorized use was akin to unfair competition, citing *Fred Waring v WDAS,* 327 Pa. 433, 194 A. 631 (1937). See also *Rosemont Enterprises v. Urban Systems, Inc.,* 72 Misc. 2d 788, 340 N.Y.S. 2d 144 (1973) and *Hogan v. Barnes,* 144 U.S.P.Q. 314 (1957).

LAW TO BE APPLIED:

Tennessee courts have protected intangible property rights in instances involving unauthorized use of a trade name and unlawful interference with commercial good will.[9] The United States Supreme Court has recognized that a state's interest in protecting an intangible property such as the proprietary interest

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9. *Sanford-Day Iron Works v. Interprise Foundry,* 138 Tenn. 437, 198 S.W. 258 (1917); *Bradford & Carson v. Montgomery Furn. Co.,* 115 Tenn. 610, 92 S.W. 1104 (1905).

of an individual in his act or performance to prevent unjust enrichment is somewhat akin to patent and copyright protection. *Zaccini v. Scripps-Howard, supra.*

This Court must endeavor in the absence of any decision on this issue of the survival after death of a right of publicity to ascertain from all the available information the general or majority rule on the issue which would be considered to be adopted by the highest court of this state if the issue were before it. *Erie Railroad v. Tompkins,* 304 U.S. 64, 58 S. Ct. 817, 82 L. Ed. 1188 (1938); *West v. American Tel. & Tel. Co.,* 311 U.S. 223, 61 S. Ct. 179, 85 L. Ed. 139 (1940); *Carr v. American Universal Ins. Co.,* 341 F. 2d 220 (6th Cir. 1965); *Werthan Bag Corp. v. Agnew,* 202 F. 2d 119 (6th Cir. 1953).

The Court concludes after considering the positions by each of the parties and the authorities herein discussed that Elvis Presley himself had what has been recognized in Tennessee as a valuable proprietary right, a kind of property right in his name and image, and he had an exclusive right to market it, to assign it, or to benefit from its use commercially. It is doubtful that plaintiff seriously challenges this conclusion. Furthermore, Tennessee courts would protect and safeguard Presley in the proprietary right of publicity, whether or not it would be so designated, as in the case of unfair competition, unjust enrichment, or wrongful appropriation of good will.

The well-reasoned cases, it is believed, set out a clear distinction between the valuable right of publicity of public figures such as Presley and the right of privacy in the sense of being left alone, free from harassment or humiliation, a tortious claim. Tennessee courts would recognize and acknowledge this difference. Elvis Presley himself, through Parker and Boxcar, fully pursued

this exclusive right of publicity during his lifetime. The party holding this exclusive right during lifetime and the personal representative of Elvis Presley, after his death, unequivocably attempted to assign to the defendant exclusive rights to the name and image as it relates to the kind of statuary involved in this proceeding.

Would that right of publicity be transferable or inheritable after death in the Tennessee courts? The recent authority, both judicial and scholarly, squarely on the point, under the circumstances applicable here, has acknowledged or logically determined that the right of publicity of the type involved in the Elvis Presley name and image should be inheritable and assignable.[10] A Tennessee court, by analogy, has recognized a special property right in the name "Robinson's" which was inherited by his widow, and further recognized her right to the exclusive use of the good will and the name even after the owner's death, to the exclusion of another, as to another's adoption of a name that would unfairly compete with that utilized commercially during his lifetime by James S. Robinson. *Robinson v. Robinson's, Inc.*, 9 Tenn. App. 103 (1929).

This Court holds that the correct and majority view, though there are few cases precisely in point, is that enunciated in *Factors, Inc. v. Creative Card Co., supra.* Defendant's position, then, as a matter of law, would prevail on this issue and a plaintiff's motion for temporary injunction and/or for partial summary judgment must fail.

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10. See "Defendant's Contentions", *supra* and authorities cited therein.

RELIEF:

Defendant is entitled to a decision on its petition for extraordinary relief if it can meet all the essential criteria. The first criteria, likelihood of success on the merits, has been discussed and concluded in defendant's favor by this Court's conclusion that defendant would prevail on the merits of the effectiveness of the assignment in question after death to the exclusion of plaintiff, which, although a "non-profit" entity, is, nevertheless, utilizing an Elvis Presley likeness in a commercial (and competitive) fashion without authority of the purported licensee or the estate itself. *Mason County Medical Association v. Knebel,* 563 F. 2d 256 (6th Cir. 1977); *Adams v. Federal Express Corp.,* 547 F. 2d 319 (6th Cir. 1976); *Sonesta International Hotels v. Wellington Assoc.,* 483 F. 2d 247, 250 (2d Cir. 1973). *Cf. SEC v. Senex Corp.,* 534 F. 2d 1240 (6th Cir. 1976). Another criteria is irreparable injury demonstrated by the party seeking relief. It has been sufficiently demonstrated that to allow plaintiff (and others) to violate defendant's asserted rights as exclusive licensee would defeat and vitiate the contract between Boxcar and Factors, Inc. as approved by the Presley personal representative. The effect goes beyond Shelby County and merely a dispute between these parties as demonstrated in *Factors v. Creative Cards, supra.*

Balancing the equities or weighing the substantial harm to plaintiff persuades this Court that defendant's petition for a temporary injunction should be granted. There is no showing of plaintiff corporation's worth or financial responsibility under the present uncertain circumstances in the event defendant were limited to seeking ultimately damages only. Finally, it is believed to be in the interests of equity to issue a preliminary injunction in favor of the defendant.

Defendant's motion for preliminary injunction will accordingly be granted.

JUDGMENT APPEALED FROM THE UNITED STATES COURT OF APPEALS

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the twenty-ninth day of June one thousand nine hundred and eighty-one

Present:

HON. WALTER R. MANSFIELD,

HON. JON O. NEWMAN, Circuit Judges

HON. ROBERT L. CARTER, District Judge

80-7692

FACTORS ETC., INC., and BOXCAR ENTERPRISES, INC.,

Plaintiffs-Appellees,

v.

PRO ARTS, INC., and STOP AND SHOP COMPANIES, INC.,

Defendants-Appellants.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

Judgment

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is reversed in accordance with the opinion of this court with costs to be taxed against the appellees.

A. DANIEL FUSARO, Clerk

s/ Edward J. Guardaro,
Deputy Clerk

Opposition

Supreme Court, U.S.
FILED
MAR 23 1982
ALEXANDER L. STEVAS
CLERK

No. 81-1535

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

FACTORS ETC., INC. and BOXCAR ENTERPRISES, INC.,
Petitioners,

vs.

PRO ARTS, INC. and STOP AND SHOP COMPANIES, INC.,
Respondents.

ON A PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTION PRESENTED

In a diversity action, may a circuit court follow the recent state law ruling of another circuit court, deciding an issue of first impression concerning the law of a state within that circuit having no legislative or judicial sources upon which the circuit court could draw, when the issue, and the party denied relief in the earlier appeal are identical to the issue and party claiming relief in the later appeal.

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Sup. Ct. Rul. 28.1 1

28 U.S.C. 1292(a)(1) 5

Other Authorities

Clark, State Law In Federal Courts: The Brooding Omnipresence of Erie v. Tompkins, 55 Yale L.J. 267, 290 (1946) 30

STATEMENT OF THE CASE

A. The Nature of the Case

Petitioners, Factors Etc., Inc. ("Factors") and Boxcar Enterprises, Inc. ("Boxcar") brought action against respondents Pro Arts, Inc. ("Pro Arts") and Stop and Shop Companies, Inc. ("Stop and Shop") claiming that, since Factors owned by contract the "right of publicity" of the late Elvis Presley ("Presley"), both Pro Arts and Stop and Shop[1] should be enjoined and assessed for damages due to their alleged use, without the authorization of petitioners, of the name and likeness of Presley in a

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1. Pro Arts is an Ohio corporation with no parent company and no subsidiaries which are not wholly-owned. Stop and Shop is a Massachusetts corporation with no parent company and no subsidiaries which are not wholly-owned. See Sup. Ct. Rul. 28.1.

copyrighted poster published by Pro Arts. (JA. at 6-15).[2]

B. The Course of Proceedings And Disposition In The Court Below

Petitioners asked for a preliminary injunction in the United States District Court for the Southern District of New York (Tenney, J.) (the "District Court") to prohibit respondents from marketing a poster bearing Presley's photograph during the pendency of the action. App. at 64a.[3] The District Court granted the motion and entered a preliminary injunction finding that, under New York law, the "exclusive" right to distribute items bearing Presley's likeness survived Presley's death and was vilidly

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2. References to pages in the Joint Appendix on appeal to the Second Circuit are indicated by the letters "JA." followed by the appropriate page references.

3. References to the petitioner's appendix will be indicated by the prefix "App."

transferred by Boxcar to Factors. It also found that, at trial, it would probably hold that the Pro Arts poster, alleged to infringe this "right," was not privileged as the publication of a newsworthy event and was enjoinable under New York law. Factors Etc., Inc. v. Pro Arts, Inc., 444 F.Supp. 288 (S.D.N.Y. 1977).

Entry of the preliminary injunction was affirmed with a holding that it was not improvidently granted. Factors Etc., Inc. v. Pro Arts, Inc., 579 F.2d 215, 219 (2nd Cir. 1978) ("Factors I"). App. at 61a.

Pro Arts applied to this court for a writ of certiorari. As the sole ground for the application, Pro Arts raised the question of whether its actions were protected under the First Amendment to the United States Constitution. Certiorari was denied. 404 U.S. 908 (1979).

Petitioners then moved in the district court for summary judgment. App. at 29a. Respondents, opposing the motion, moved pursuant to Fed. Rul. Civ. Proc. 60(b) asking the District Court to vacate the preliminary injunction, App. at 30a, upon a number of grounds, among them that the right of publicity of a celebrity, if exercised after death, is pre-empted by federal copyright protection, App. at 37a, and, as set forth in a supplemental memorandum (JA. at 107-113), that a recent Sixth Circuit decision in Memphis Development, Etc. v. Factors Etc., Inc., 616 F.2d 956, (6th Cir.), cert. denied, 449 U.S. 953 (1980), App. at 89a, ("Memphis Development") should be followed in the instant action. App. at 5a, 34a. During oral argument, counsel for respondents stressed that Memphis Development's holding, that there is no descendible right of publicity under

Tennessee law, should have collaterally estopped petitioners from maintaining this action. App. at 5a, 34a.

The District Court, after reviewing the arguments set forth in the briefs and orally, App. at 30a, granted petitioners' motion for summary judgment, denied respondents' motion to vacate the preliminary injunction, entered a permanent injunction and referred questions relating to damages to a magistrate for a hearing and report. App. at 60a.

Respondents thereafter took a timely appeal to the Second Circuit pursuant to 28 U.S.C. Sec. 1292(a)(1). On June 29, 1981, the Second Circuit issued its opinion reversing the District Court. Factors Etc., Inc. v. Pro Arts, Inc., 652 F.2d 278 (2d Cir. 1981) ("Factors II"), App. at 1a. Petitioners' motion seeking reargument of the appeal and a rehearing

en banc was denied on October 13, 1981. App. at 27a.[4]

C. Underlying Facts

Immediately following Presley's death in Memphis, Tennessee on August 16, 1977, and in response to what it perceived to be a demand on the part of its customers, Pro Arts decided to create and offer for sale a poster print of Presley (JA. at 171). Pro Arts located what it believed to be a suitable photograph, created and owned by Robert Skinner of the Atlanta Journal

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4. There are presently pending in the District Court cross-motions by both petitioners and respondents, each seeking summary judgment. The respondents' motion asserts that the Second Circuit's mandate in Factors II requires the District Court to enter final judgment in favor of the respondents and order a hearing on the question of the respondents' damages for a wrongful injunction. The petitioners' motion asserts, among other things, that Flatt should be followed by the District Court in preference to the Second Circuit's mandate, permitting entry of summary judgment in favor of the petitioners. These motions are sub judice.

newspaper and published in that paper on August 17, 1977, the day after Presley died. App. at 30a. Pro Arts purchased the photograph from Skinner, utilized it to create the poster print "In Memory . . . 1938-1977" and published the poster on August 19, 1977 (JA-71), thereby creating a work for which a copyright application was made and received on August 30, 1977 (Registration No. K125341). Factors Etc., Inc. v. Pro Arts, Inc. 496 F. Supp. 1090, 1096 (S.D.N.Y. 1980), App. at 39a.

Pro Arts published and distributed its copyrighted work in accordance with the rights and privileges granted by 17 U.S.C. Sec. 1, et seq. Id., App. at 39a-40a. Stop and Shop merely sold the work through its retail stores (JA. at 92).

As of August 18, 1977, Factors, a Delaware corporation, and Boxcar, a

Tennessee corporation, entered into an agreement (the "Agreement") (JA. at 16-28) which, under Tennessee law, App. at 6a, allegedly gave Factors the exclusive right to commercially exploit the name, image, picture and likeness of Presley subsequent to his death (JA. at 10-11, 16-28, 91). The Agreement transferred to Factors numerous items of merchandise and other rights relating to property owned by Boxcar (JA. at 17, 19, 28). Factors also acquired the power to control all litigation concerning the rights granted it under the Agreement (JA. at 19).

Petitioners filed their complaint in this action on September 26, 1977 (JA. at 6), five days after Pro Arts had filed a declaratory judgment action against Factors in an Ohio federal court. Factors I at 217, App. at 64a. At about the same time, and in response to a threat of

immediate litigation by Factors,[5] the Memphis Development Foundation (the "Foundation"), an organization formed in Memphis, Tennessee for the purpose of constructing a memorial statue to Presley, brought action against Factors in the United States District Court for the Western District of Tennessee seeking a declaratory judgment enjoining interference with its attempts to advertise and promote miniature statuettes of Presley, which the Foundation was distributing for $25.00 each. App. at 90a.

Factors counterclaimed against the Foundation seeking, upon identical grounds, the same relief which it had sought and obtained in Factors I. App. at 105a. The Tennessee federal court

5. See Addenda C and D to Reply Brief of Defendants-Appellants, filed in the Court Below.

granted Factors' motion for a preliminary injunction. Memphis Development, Etc. v. Factors Etc., Inc., 541 F.Supp. 1323 (W.D. Tenn. 1977), App. at 98a. This action was affirmed on appeal to the Sixth Circuit, without opinion. Memphis Development, Etc., v. Factors Etc., Inc., 578 F.2d 1381 (6th Cir. 1978).

After remand, Factors made its motion for summary judgment and a permanent injunction. As in the case at bar, this motion was granted. However, on the Foundation's appeal, the Sixth Circuit reversed upon a finding that Tennessee did not recognize a common law, descendible right of publicity. Memphis Development, supra. A subsequent motion for rehearing and rehearing en banc was denied. Id.

SUMMARY OF ARGUMENT

The Second Circuit's decision in Factors II was based upon a careful and

balanced assessment of appropriate precedent and policy. It is consistent with both the opinions of other jurisdictions on the subject and with fair and reasonable expectations concerning the preclusive effect of prior litigation. Factors II is neither in conflict with decisions of other circuits, nor with a state court of last resort, nor has the Second Circuit so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

REASONS FOR DENYING THE WRIT

I. The Second Circuit's Ruling In Factors II Is Consistent With The Policy Established In Erie And Followed By The Circuit Courts.

The essential feature of the petitioners' application for a writ of certiorari is their assertion that the Second Circuit

> . . . [H]as propounded a new and broad rule of potentially wide-ranging effect which appears to be contrary to the views of other circuits. Petition at 13.

Petitioners' assertion appears to arise out of their belief that the panel in Factors II precluded any analysis of whether or not Tennessee would recognize a common law, descendible right of publicity and therefore gave "conclusive deference" and "stare decisis" effect to a prior circuit court opinion construing that law. Petition at 11.

That this characterization of Factors II is both inaccurate and unfair may be seen from the text of Judge Newman's opinion.

> We need not and do not conclude that the state law holding of the pertinent court of appeals is automatically binding upon the federal courts of all other circuits. . . . A federal court in another circuit would be obliged to disregard a state law holding by the pertinent court of appeals if persuaded that the holding had been superseded by a later

> pronouncement from state legislative or judicial sources (citation omitted), or that prior state court decisions had been inadvertently overlooked by the pertinent court of appeals. Neither circumstance exists in this case. Where, as here, the pertinent court of appeals has essayed its own prediction of the course of state law on a question of first impression within that state, the federal courts of other circuits should defer to that holding . . . unless we can point to a clear basis in Tennessee law for predicting that the Tennessee courts, when confronted with a case such as this, would conclude that the Sixth Circuit's prediction was incorrect. (Footnote omitted). Factors II at 283, App. at 11a-12a. (emphasis supplied).

The Second Circuit was mindful of the fact that federal courts, in exercising diversity jurisdiction, are "only another court of the state" Bernhardt v. Polygraphic Co., 350 U.S. 198, 203 (1956), App. at 8a. The Sixth Circuit, in deciding Memphis Development, was in a similar position, aided by fact that the author of its opinion in Memphis

Development is a distinguished member of the Tennessee bar. App. at 12a.[6]

When the Second Circuit was confronted with its question of Tennessee law, it was not in the same position as its "sister state court", the Sixth Circuit, which had no state legislative or judicial sources upon which to draw. Unlike the Sixth Circuit, the Second Circuit was able to look to a uniquely applicable source from which to draw its understanding of Tennessee law, the Sixth Circuit's decision in Memphis Development.

Rather than sow confusion and uncertainty by adopting a view of Tennessee law on the identical issue

6. This Court has stated that special weight is to be given to diversity rulings of federal judges who are members of the bar of the state whose law they are construing. Bernhardt v. Polygraphic Co., 350 U.S. at 204.

different from that adopted by the Sixth Circuit, the Second Circuit chose to regard the Sixth Circuit ruling as authoritative so that it could best serve the policy of seeking orderly development of state law and fairness to those subject to its requirements. Factors II at 282, App. at 8a-9a.

In Hanna v. Plumer, 380 U.S. 460 (1965), this Court described the twin aims of the Erie rule as discouraging forum shopping and avoiding the inequitable administration of laws. Id. at 468.

There is nothing novel in the Second Circuit's approach in deciding Factors II. It is a logical extention of the search that federal judges are required to undertake for sources of state law to apply to diversity cases. It parallels the law of the case doctrine, which is widely applied in diversity cases to

decisions within a single circuit. See, Broussard v. Southern Pac. Transp. Co., 665 F.2d 1387, 1389 (5th Cir. 1982) ("The general rule in this Circuit . . . that one panel cannot overrule another panel [citations omitted] . . . applies with equal force to cases in which state law supplies the substantive rule of decision. . . . Moreover, a prior panel decision, 'should be followed by other panels without regard to any alleged existing confusion in state law, absent a subsequent state court decision or statutory amendment which makes this Court's [prior] decision clearly wrong'. [citation omitted]"; Aldans, Inc. v, Miller, 610 F.2d 538, 541 (8th Cir. 1979), cert. denied 446 U.S. 919 (1980) . . . ("We adhere to the policy that a sister circuit's reasoned decision deserves great weight and precedential value. As an appellate court, we strive

to maintain uniformity in the law among the circuits, whenever reasoned analysis will allow, thus avoiding unnecessary burdens on the Supreme Court Docket."); Herzog v. Fidelity & Casualty Company of New York, 257 F.2d 840 (10th Cir. 1958) (where the Tenth Circuit, in a diversity action, followed as binding a prior Tenth Circuit opinion construing Oklahoma law, based on a California case also followed by a Ninth Circuit panel but which was rejected by panels in the Fifth and Fourth Circuits, all notwithstanding the existence of an Oklahoma Supreme Court decision in the area).[7]

Where, as here, a circuit court whose territorial jurisdiction includes the state whose law is in issue renders a

7. Petitioners cited Herzog for the proposition that, prior to Factors II, circuit courts treated federal diversity opinions as having little or no precedential value. Petition at 12.

decision written by a distinguished member of the bar of that state determining that state's law as a matter of first impression, the principles underlying Erie as expressed in Hanna are furthered when another circuit court, pending a clear indication of that state's law emanating from legislative or authoritative judicial sources in that state, defers to that decision. Such a preclusive result is even more compelling when it applies to persons who were parties in the prior proceeding seeking identical relief as that sought in the later proceeding.

The petitioners would have required the Second Circuit to close its eyes to Memphis Development and stare blankly into the void which was the law of Tennessee in this area, emerging to render a decision in favor of the petitioners and directly contrary to the

Sixth Circuit's ruling. Such a result would only sanction the petitioners' forum shopping and contradict the goals of Erie as expressed by this court in Hanna. The result reached by the Second Circuit in Factors II, far from being "bizarre", Petition at 15, 16, is both rational and understandable, especially in light of Factors full participation in Memphis Development, and the principles of collateral estoppel which are so easily applied in this action.

II. The Second Circuit Properly Precluded Petitioners From Relitigating Issues Already Determined Against Them.

Under Erie, state rules concerning collateral estoppel are substantive and must be obtained from the law of the forum state. Winters v. Lavine, 574 F.2d (2d Cir. 1978), Rosenthal v. Warren, 475 F.2d 440 (2d Cir. 1973).

New York law requirements for invocation of collateral estoppel parallel those set forth by this Court in Blonder-Tongue Labs v. University Foundation, 402 U.S. 313 (1971).

> New York law has now reached to the point where there are but two necessary requirements for the invocation of the doctrine of collateral estoppel. There must be an identity of issue which has necessarily been decided in the prior action and is decisive of the present action, and, second, there must have been a full and fair opportunity to contes' he decision now said to be controlling. Schwartz v. Public Administrator, 24 N.Y.2d 65, 91 (1969), followed in Thompson v. Galaxy Enterprises, Inc. 414 F. Supp. 198, 199 (S.D.N.Y. 1976).[8]

Both New York's Court of Appeals and this Court have disposed of the mutuality doctrine by applying the criteria established by Justice Traynor in Bernhard v. Bank of America, 19 Cal.2d. 807 (1942), where the California Supreme

8. Compare with Blonder-Tongue Labs. v. University Foundation, 402 U.S. at 331.

Court unanimously rejected the doctrine.

> [There is] no compelling reason. . . . for requiring that the party asserting the plea of res judicata must have been a party, or in privity with the party, to the earlier litigation. Id. at 812.
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> In determining the validity of a plea of res judicata, three questions are pertinent: was the issue decided in the prior adjudication identical with the one presented in the action in question? Was there a final judgment on the merits? Was the party against whom the plea is asserted a party or in privity with a party to the prior adjudication? Bernhard, supra, at 813. Cited with approval Blonder-Tongue, supra at 323-324, B.R. DeWitt, Inc. v. Hall, 19 N.Y.2d 141, 145 (1967)..[9]

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9. We note that, although Factors was a party in Memphis Development, Boxcar was not. Nevertheless, by reason of both its litigation license to Factors (JA. at 19-20) and the fact that both Boxcar and Factors have a mutual or successive relationship to the same right of property, Boxcar is a "privy" of Factors and is equally bound by Memphis Development. Bigelow v. Old Dominion C. Min. & S. Co., 225 U.S. 111 (1912).

> "What is privity? As used when dealing with the estoppel of a judgment, privity denotes mutual or

Every element required by Justice Traynor, New York's Court of Appeals and this Court for the invocation of a defensive collateral estoppel was present in this action in the Second Circuit:

1. The issue decided in the prior adjudication, Memphis Development, was identical with the one presented in this action. That issue was whether or not, under Tennessee law, Factors possessed Presley's common law, descendible right of publicity.

2. There had been a final adjudication of the issue on the merits by the Sixth Circuit,[10] which was no longer appealable.

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successive relationship to the same right of property." Id. See, Blonder-Tongue, supra at 321.

10. Under New York law, a formal "final judgment" is not required for the invocation of a defensive collateral estoppel, and the court does not have discretion in its application. Bannon v. Bannon, 270 N.Y. 484, 488, 489-490 (1936), Valvolizza v. Krieger, 33 N.Y.2d 351 (1974).

3. Not only did Factors and Boxcar have their full and fair opportunity to litigate the merits in Memphis Development, but, up until the Sixth Circuit's reversal, Factors had been citing the lower court opinion as authority for its claims in this action. Factors I at 221, App. at 72a.

The doctrine of an estoppel by judgment is no stranger to litigation concerning the "right of publicity". It was invoked by Judge Haight in Price v. World Vision Enterprises, Inc, 455 F. Supp 252 (S.D.N.Y. 1978),[11] offensively, to preclude defendants who had not been parties to the prior action from relitigating the same claims, rather than defensively, as respondents have sought to utilize it here.

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11. Counsel for petitioners in this action also represented the plaintiffs in Price.

> In any lawsuit where a defendant, because of the mutuality principle, is forced to present a complete defense on the merits to a claim which the plaintiff has fully litigated and lost in a prior action, there is an arguable misallocation of resources. To the extent the defendant in the second suit may not win by asserting, without contradiction, that the plaintiff had fully and fairly but unsuccessfully, litigated the same claim in the prior suit, the defendant's time and money are diverted from alternative uses, productive or otherwise, to relitigation of a decided issue . . . Permitting repeated litigation of the same issue so long as the supply of unrelated defendants holds out reflects either the aura of the gaming table or "a lack of discipline and of disinterestedness on the part of the lower courts, hardly a worthy or wise basis for fashioning rules of procedure. (citing Karotest Mfg. Co. v. C-O-Two F.E. Co., 342 U.S. 180, 185 (1952).) Blonder-Tongue, supra at 329.

Even if this Court were to hold that the limited "conclusive deference" rule enunciated by the Second Circuit in Factors II is inappropriate, we know of no reason which would prevent the invocation

of defensive collateral estoppel in this action and not require dismissal of the petitioner's complaint.

III. Unreported Decisions Of Lower State Trial Courts, Standing by Themselves, Do Not Establish State Law For The Purposes Of Erie.

Petitioners suggest that a recent unreported lower Tennessee trial court opinion, deciding a motion to dismiss a complaint, has clearly established the "law of Tennessee", contradicting the Sixth Circuit's opinion in Memphis Development. Petition at 13-14.

The case offered by the petitioners, Commerce Union Bank and Lance LeRoy Co-Executors and Co-Trustees of the Estate of Lester Flatt v. Coors of the Cumberland, Inc., No. 81-1252-111 (Chan. Ct. Tenn. 1981) ("Flatt"), App. at 76a, describes a complaint brought by the executors of the estate of Lester Flatt, a famous country singer, against a beer

distillery. That complaint contained five counts; a "right of publicity" claim, "fraud" on the people of Tennessee (arising out of a false claim that Mr. Flatt endorsed the Coors beverage); "false light"; an assertion that Mr. Flatt's likeness was a legally protectible "trade" or "service" mark; and an unfair competition claim related to allegedly deceptive advertising. App. at 86a-87a. The defendant had used advertising posters recommending the beer and containing a montage including pictures of Mr. Flatt, and miscellaneous beer cans, mugs and bottles. App. at 78a.[12]

In Flatt, the Chancery Court noted that the Tennessee courts have yet to

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12. It appears that not only had Mr. Flatt objected to the consumption of alcohol, App. at 86a, but he was also advertising spokesman of the Martha White Flour Company, with which he had been "indelibly identified" for more than 20 years. App. at 77a.

recognize the "right of publicity". App. at 79a. The court stated its belief that the Tennessee Supreme Court would not refuse to enforce such a right when presented with an "appropriate case". Analogizing the issue to other intangible property rights which have been recognized and protected by Tennessee courts, Flatt concluded that the lawsuit against Coors need not be dismissed.

Recognizing and acknowledging the irreconcilability of his views with those expressed by the Sixth Circuit in Memphis Development, Chancelor Brandt did not cite to any Tennessee authority but, rather, expressed his personal preference for the reasoning set forth in non-Tennessee cases, which found a common-law right of publicity in their jurisdictions, App. at 79a, , and Judge Mansfield's dissent in Factors II. App. at 84a-85a.

We respectfully submit that not only do the facts in Flatt make the case totally out of point for this proceeding,[13] but that under the principles of Erie, an isolated, unreported trial court motion opinion, which is not binding precedent in Tennessee courts, does not establish a "clear and decisive change" in Tennessee law such as would warrant a reversal of either Factors II or Memphis Development.

Under Tennessee law, an unpublished opinion, even of the supreme court of that state, is binding only on the parties to that particular litigation and has no value as precedent. Phoenix Cotton Oil Co. v. Royal Indemnity Co. 140 Tenn. 438

13. Here, there are no advertising endorsement or secondary meaning questions. The conduct petitioners complained of consisted of Pro Arts publishing large reproductions of its copyrighted photograph, which had been published in a newspaper announcing Presley's death. App. at 30a.

(1918); Southern Railway Company v. Foote Mineral Company, 384 F.2d 224 (6th Cir. 1967). Federal courts in diversity actions are not required to follow such unpublished, and non-binding, decisions of state courts. King v. United Commercial Travelers, 333 U.S. 153, rehearing denied, 333 U.S. 878 (1948); See, Daggrell v. Great Southern Box Co., Inc. of Mississippi, 207 F.2d 671 (6th Cir. 1953). The federal courts are free to adopt their own view of such a state's law, even if that view conflicts with such an unpublished trial court opinion. King, supra. Connecticut S. Fed. of Teachers v. Bd. of Ed. Members, 538 F.2d 471 (2d Cir. 1976).

Erie requires that the clear declaration of the highest court of state be given stare decisis effect by the federal courts. Vandenbark v. Owens-Illinois Glass Co., 311 U.S. 538 (1941),

See, Factors II. Petitioners have offered only one citation of authority wherein an unreported, lower state trial court opinion had been held to determine the outcome of a diversity action in federal court,[14] Royal Indemnity Co. v. Clingan, 364 F.2d 154 (6th Cir. 1966). But see Daggrell, supra.

Royal Indemnity, unlike Factors II, considered a Tennessee state law issue which had a local statutory background. Even so, the Sixth Circuit expressed

14. Fidelity Union Trust Co. v. Field, 311 U.S. 169 (1940), where this Court sanctioned the binding effect of an unreported New Jersey Chancery Court decision, has not only been subjected to critical comment, See, Clark, State Law in Federal Courts: The Brooding Omnipresence of Erie v. Tompkins 55 Yale L.J. 267, 290 (1946), but has also been abandoned by this Court. In King, this court noted that, although an unreported decision, depending upon the circumstances, might be entitled to some weight if it was used locally as precedent, it was not controlling on the federal courts. King v. United Commercial Travelers, 333 U.S. at 159.

concern that there was no reported appellate court decision adjudicating the "precise issue" before the court. Royal Indemnity, supra at 157. In attempting to ascertain that issue, the Sixth Circuit was referred to an unreported Tennessee lower court decision on facts "strikingly similar to those involved to the present case". Id. The Sixth Circuit concluded that, although it could not be held to be bound by the unreported Tennessee decision, it could give it weight in attempting to ascertain Tennessee's law. Id. at 158.[15]

An eventual Tennessee Supreme Court ruling on the right of publicity issue, or the adoption by the Tennessee legislature

15. The Tennessee Supreme Court had made a ruling some two months prior to the Sixth Circuit's opinion in Royal Indemnity which confirmed the Sixth Circuit's application of Tennessee law. Royal Indemnity Co. v. Clingan, 364 F.2d at 158-159.

of the statute setting forth the state's law in that area, would certainly bind federal courts subsequent rendering decisions on the issue. Factors II is completely consistent with that approach. Factors II at 283, App. at 11a-12a.

IV. New York's Legislature And Courts Have Never Recognized A Common Law, Descendible Right Of Publicity.

In a footnote, the petitioners suggest that, finding no Tennessee law, the appropriate action of a New York State court and, therefore, the Second Circuit in Factors II, would be to apply New York's substantive law on the "right of publicity". Petition at 11 N.11.

We recognize that the federal courts in New York have, since 1953, found a "common law" and, later, "descendible" right of publicity. Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc., 202 F.2d 866 (2d Cir. 1953), cert. denied 346 U.S. 816 (1953); Price v. Hal Roach Studios,

Inc. 400 F. Supp. 836 (S.D.N.Y. 1975); Price v. World Vision Enterprises, supra; Factors Etc., Inc. v. Pro Arts, Inc., 444 F. Supp. 288 (S.D.N.Y. 1977); Factors Etc., Inc. v. Creative Card Co., 444 F. Supp. 279 (S.D.N.Y. 1977); Factors I. However, notwithstanding these federal court decisions, New York's legislature and courts have refused to recognize a common law or descendible right of publicity. Wojtowicz v. Delacourte Press, 43 N.Y.2d 858 (1978); Roberson v. Rochester Folding Box Co., 171 N.Y. 538 (1902); Schuyler v. Curtis, 147 N.Y. 434 (1895); Brinkley v. Casablancas, 80; App. Div. 2d 428 (1st Dept. 1981); Frosch v. Grosset & Dunlap, 75 App Div. 2d 768 (1st Dept. 1980); Paulsen v. Personality Posters, Inc., 59 Misc.2d 444 (Sup. N.Y. 1969); Gautier v. Pro-Football, Inc. et al., 278 App. Div. 431 (1st Dept. 1951), affirmed 304 N.Y.

354 (1952); Kline v. Robert M. McBride & Co., 170 Misc. 974 (Sup. N.Y. 1939); Lunceford v. Wilcox, 88 N.Y.S.2d 225 (N.Y. Cty. Ct. 1949);

> New York courts have never explicitly recognized a non-statutory right of pubicity (citing Wojtowicz, supra), although the United States Court of Appeals for the Second Circuit, in construing New York law, found that the so-called right of publicity did, in fact, exist independent of the statutory right of privacy (citing Haelan, supra).
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> Since Haelan, supra, other courts applying New York law have found the right of publicity to be a valid transferable property right (citations omitted). In contrast, New York courts have found the statutory right of privacy to be neither descendible (citing Frosch, supra) nor assignable (citations omitted). Brinkley, supra at 433-434,
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> Irrespective of whether a separate and distinct common law right of publicity exists in this state, we believe that the so-called right of publicity is subsumbed in sections 50 and 51 of the civil rights law . . . Id. at 435.

When petitioners commenced this action, they had available the jurisdictions of the Northern District of Ohio, where a lawsuit by Pro Arts against Factors on the same issue was already pending, and the state courts of New York, the procedural rules of which were utilized by the District Court for finding jurisdiction when it issued its opinion authorizing the entry of a preliminary injunction. Factors Etc., Inc., supra, 444 F. Supp. at 290. Petitioners could also have attempted to purchase a poster in a jurisdiction under the laws of Tennessee, if they so desired. However, they sought to bring action in federal court in New York, a state where Pro Arts shipped not more than 1% of the Elvis Presley posters. Id. at 291.

Petitioners' shopping for a cooperative forum should not be surprising. Had they brought action in

New York's state courts, they would have been faced with the uniform New York state court decisions which have consistently refused to find a common law or descendible right of publicity. Instead, they brought action in the federal courts of New York, where their counsel had previously litigated "common law" right of publicity cases which, although allegedly based upon New York law, in truth follow the Second Circuit's decision in Haelan, supra. See, Price v. Hal Roach Studios, Inc., supra; Price v. World Vision Enterprises, Inc., supra.

The degree to which, prior to Factors II, both the Second Circuit and the United States District Court for the Southern District of New York departed from the requirements of Erie in finding a common law or descendible right of publicity in New York is highlighted by the statement of Judge Mansfield, in his dissent to

Factors II, that, if the parties had agreed in Factors I that Tennessee law controlled, then the panel in Factors I would have pronounced their decision to be a declaration of their views of Tennessee, rather than New York, law. Factors II at 284, App. at 19a. It would appear that the panel in Factors I chose the policy they wished to adopt and then went about justifying the choice in Erie terms. Petitioners would continue this practice by having this Court bar the Second Circuit from following the Sixth Circuit's decision in Memphis Development and require relitigation of issues already determined, in a full and fair hearing, so that rights which were claimed and refused in the prior litigation could be revived because of petitioners' fortuitous choice of a cooperative federal bench.

In contrast, the test developed by the Second Circuit in Factors II for assessment of prior circuit court pronouncements on state law is consistent with Erie and Hanna:

> . . . [W]e should defer to the views of the Sixth Circuit unless we can point to a clear basis in Tennessee law for predicting that the Tennessee courts, when confronted with a case such as this, would conclude that the Sixth Circuit's prediction was incorrect. (Footnote omitted). Since we are unable to find any such indication in Tennessee law, we accept Memphis Development as controlling authority . . . Factors II at 283; App. at 11a-12a.

The only "prejudice" which has befallen the petitioners as a result of the Second Circuit's ruling in Factors II is the prejudice that is suffered by all litigants who suffer reversal on appeal. The result, although unpalatable to the petitioners, is a consistent application of the Erie doctrine in accordance with applicable decisions of this Court and

those of other circuits. The Second Circuit ruling in Factors II is exceptionally narrow and is unlikely to raise any conflict with the law of Tennessee as it develops in the future from either legislative or authoritative judicial pronouncement.

CONCLUSION

For the foregoing reasons, respondents ask that the petition for a writ of certiorari herein to the United States Court of Appeals for the Second Circuit be denied.

Dated: New York, New York

March 16, 1982

Respectfully submitted,

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